

**SOUTHERN WINE & SPIRITS
METRO NEW YORK**



EMPLOYEE HANDBOOK

May 2014

TABLE OF CONTENTS

I. INTRODUCTION	1
II. ABOUT SOUTHERN WINE & SPIRITS	2
III. GETTING STARTED	3
1. WHAT SOUTHERN EXPECTS FROM YOU	3
2. WHAT YOU CAN EXPECT FROM SOUTHERN	3
3. EQUAL EMPLOYMENT OPPORTUNITY	3
4. AMERICANS WITH DISABILITIES ACT	4
5. AFFIRMATIVE ACTION	4
6. THE GENETIC INFORMATION NON-DISCRIMINATION ACT	4
7. PREGNANCY AND LACTATION ACCOMMODATION	4
8. ANTI-HARASSMENT POLICY	5
9. ANTI-DISCRIMINATION POLICY	6
10. POLICY ON RETALIATION	7
11. DISCLOSURE REGARDING RELATIONSHIPS	7
12. EMPLOYEE’S DUTY TO DISCLOSE BENEFITS RECEIVED	8
13. EMPLOYMENT OF RELATIVES	8
14. YOUR SUPERVISOR	8
15. AT-WILL EMPLOYMENT	8
16. EMPLOYEE-PROVIDED INFORMATION	9
17. ORIENTATION PERIOD	9
IV. COMPENSATION	10
1. WAGES AND PAY ADJUSTMENTS	10
2. TIMEKEEPING FOR NON-EXEMPT EMPLOYEES	10
3. OVERTIME	10
4. “OFF-THE-CLOCK” WORK	11
5. BREAKS AND MEAL PERIODS	11
6. PAY DAY	12
V. EMPLOYEE BENEFITS, PLANS & PROGRAMS	13
1. 401(k) RETIREMENT PLAN	13

2. MEDICAL, DENTAL, VISION, LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND DISABILITY INSURANCE	13
3. SECTION 125 BENEFIT PLAN	13
4. FLEXIBLE SPENDING ACCOUNT PROGRAM	13
5. CONTINUING EDUCATION FINANCIAL ASSISTANCE POLICY	13
6. EMPLOYEE ASSISTANCE PROGRAM.....	14
7. COLLEGE SCHOLARSHIP PROGRAM.....	14
8. SERVICE RECOGNITION PROGRAM	14
9. CREDIT UNION.....	14
10. DIRECT DEPOSIT	14
11. SOCIAL SECURITY	15
12. UNEMPLOYMENT COMPENSATION	15
13. WORKERS' COMPENSATION	15
14. OFF-DUTY RECREATIONAL, SOCIAL OR ATHLETIC ACTIVITIES	15
VI. ON THE JOB.....	16
1. LENGTH OF SERVICE OR SENIORITY.....	16
2. EMPLOYEE CLASSIFICATIONS	16
3. ABSENTEEISM AND TARDINESS.....	16
4. TIME RECORDS.....	17
5. SAFETY.....	17
6. TOBACCO POLICY	18
7. SOLICITATION, DISTRIBUTION AND BULLETIN BOARDS.....	18
9. EMPLOYEE RECORDS	20
10. PERSONAL PROPERTY	20
11. PERSONAL HYGIENE AND APPEARANCE.....	21
12. DRESS AND GROOMING STANDARDS.....	21
13. FACILITY ACCESS/IDENTIFICATION BADGE.....	21
14. GOOD HOUSEKEEPING	21
15. MOONLIGHTING.....	21
16. CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION	22
17. REPORTING OF DAMAGES.....	23

18. INSPECTION OF PERSONS AND ARTICLES - PRIVACY RIGHTS AND SEARCH POLICY	23
19. TECHNOLOGY USE AND PRIVACY POLICY	24
20. SOCIAL MEDIA POLICY	31
21. USE OF COMMUNICATION DEVICE WHILE DRIVING POLICY	37
22. SALESPERSON POLICIES	37
23. DRIVER POLICIES	39
24. WAREHOUSE POLICIES	40
25. SOUTHERN'S WORK RULES	41
VII. TIME OFF	45
1. VACATION	45
2. PTO LEAVE	46
3. HOLIDAYS	46
4. LEAVES OF ABSENCE	46
5. VOTING	53
VIII. PROBLEM SOLVING	54
1. SUGGESTIONS	54
2. OPEN DOOR POLICY	54
3. EMPLOYMENT ARBITRATION POLICY	54
4. SUBSTANCE ABUSE	55
5. CONFLICTS OF INTEREST	61
6. ETHICAL CONCERNS AND STANDARDS	62
7. COMPLIANCE WITH FEDERAL & STATE ALCOHOLIC BEVERAGE LAWS	62
8. AT-WILL EMPLOYMENT AND PROGRESSIVE DISCIPLINARY PROCEDURES	64
9. ANTI-VIOLENCE IN THE WORKPLACE	65
IX. LEAVING	70
1. EXIT INTERVIEWS	70
2. RETURN OF COMPANY PROPERTY	70
3. UNUSED FLOATING HOLIDAYS AND SICK DAYS	70
4. FINAL PAYCHECK	70
5. EMPLOYEE REFERENCES	70

6. CONCLUSION	70
APPENDIX A	72
APPENDIX B	74
APPENDIX C	76
ACKNOWLEDGMENT OF RECEIPT.....	78
OF EMPLOYEE HANDBOOK.....	78

I. INTRODUCTION

SOUTHERN'S PHILOSOPHY

Southern's goal is to maintain a satisfied and productive work force. We are pro-employee. The key to having a happy, satisfied and productive work force is effective leadership by supervisors, fair and nondiscriminatory policies and practices, competitive wages and fringe benefits, and close attention by managers to all employee matters.

We believe that every individual employee has the right to be treated with dignity and respect on the job and that all employees should be treated in a fair and impartial manner at all times. Supervisors should never play favorites among employees. Employees should always feel free to come to their supervisor and ask any question or raise any issue, no matter how small. Employees can and should expect their supervisor to listen and take action when appropriate. Employees as well as management are a part of the Southern team. All members of the team are essential participants in achieving our goal of providing quality service to our customers and suppliers. We also believe in providing wages and benefits to employees which are competitive.

This handbook, which is applicable to all employees, sets forth Southern's policies and rules, except where it is contradictory to any applicable labor contract, in which case the labor contract provision shall control for the bargaining unit employees. This handbook supersedes and extinguishes any and all prior representations. No oral representations may alter or add to the terms of employment. While Southern reserves the right to modify or amend these policies and rules, we want you to be fully aware of them at all times. There may be other rules and policies that are promulgated and distributed to employees from time to time, and the policies and rules are also binding even though not contained in this handbook. Only the senior division executives identified below (or their authorized designees) are authorized to amend or modify such policies and rules and they will do so only in writing.

Larry Goodrich, Executive Vice President, General Manager
Roy Kohn, Vice President of Operations

II. ABOUT SOUTHERN WINE & SPIRITS

Since our founding in 1968, Southern Wine & Spirits of America, Inc., has been a nationally recognized wine and spirits distributor known for its historic commitment to delivering the highest standards of customer service and creative marketing programs and partnerships. The Company is also known for its best-in-industry professional and well-trained sales, operational and support staff and its ongoing investments in and contributions to hospitality and beverage education for its staff, its customers and to many national educational institutions. In addition, Southern is justly respected for our deeply held belief in the importance of giving back to the communities in which we do business, for being a socially responsible corporate citizen and for making generous contributions to national, state and local charitable organizations.

As the country's largest wine and spirits distributor, Southern is nationally recognized by our supplier partners as well as by our customers for our state-of-the-art distribution capabilities and our cutting-edge information technology. And as the leader in the wine and spirits distribution business in the United States, Southern is committed to adhering to the highest professional and ethical standards in all of our corporate, civic and charitable activities.

From its beginnings in South Florida, Southern has worked relentlessly to establish and then enhance its reputation for excellence in customer service. The foundation of that reputation is the quality of its people. Harvey R. Chaplin, Chairman and CEO of Southern, says, "The key to our growth is that we have always had the best people. They know the local markets because they live and work there." In fact, the company is widely regarded in the U.S. drinks industry as possessing one of the most talented and stable management teams—both at the national corporate level and in each of the state markets where Southern operates.

"With our employees' dedication, passion, drive to succeed and unwavering commitment to excellence and customer service, we are poised for future growth" says Wayne E. Chaplin, President and Chief Operating Officer.

It is this unwavering drive for growth, excellence and service that continues to propel Southern's destiny; these goals inspire Harvey R. Chaplin and Wayne E. Chaplin as well as our company's entire team of talented sales, marketing, and support staff.

Our Corporate Vision is:

"To be the leading distributor of beverage alcohol— creating superior value for all tiers of the industry."

We will achieve this vision by embracing a Mission of:

"Providing superior business solutions that drive growth and value for customers and suppliers alike through our national scale, state-level share, local market intelligence and brand-building expertise."

In backing this mission and vision with deeds, Southern invests heavily in its people, its operations, and its technological capabilities, all of which add value to the three-tier distribution system—a legal system under which wine, spirits and beer pass from the manufacturer/supplier (first tier) to the distributor (second tier) and on to either the retailer or restaurateur, bar or other on-premise establishment (third tier).

III. GETTING STARTED

1. WHAT SOUTHERN EXPECTS FROM YOU

You, the employee, are the most important person to Southern. We have selected you because we have faith that you will provide our customers and suppliers with the highest standards of service. Therefore, we expect of you:

- i. Honesty.
- ii. A thorough knowledge of and competence in your job.
- iii. A positive approach to your work and a willingness to learn more to improve your performance.
- iv. A friendly and cooperative attitude toward our customers, your fellow employees and management.
- v. A willingness to follow instructions and complete requests made by management.
- vi. Respect and care for Southern's property and equipment and proper use of such equipment.
- vii. Pride in your company, your work and yourself, including respect for your appearance and a commitment to the goals of Southern.
- viii. A willingness to ask questions and to discuss freely and openly with management problems or concerns you may have.
- ix. Adherence to all of Southern's policies, procedures and work rules.

2. WHAT YOU CAN EXPECT FROM SOUTHERN

Just as you have responsibilities to Southern, Southern has responsibilities to you as an employee. You can expect us to:

- i. Treat you with respect, dignity and in a fair and just manner at all times.
- ii. Answer your questions regarding your problems or concerns and attempt to help you resolve them.
- iii. Provide you with a safe work environment.
- iv. Provide you with a work environment free of unlawful harassment by anyone you interact with through your employment with Southern, including supervisors, other employees, customers, suppliers or visitors.
- v. Provide you with wages and benefits which are generally competitive with wages and benefits in this area.
- vi. Be responsive to your individual needs.
- vii. Provide a company where management is doing everything possible to be worthy of your respect.
- viii. Be a company that wins the respect of our industry by doing everything possible to provide for our customers' wants and needs and to provide our customers with a high level of satisfaction.

3. EQUAL EMPLOYMENT OPPORTUNITY

Southern Wine & Spirits is dedicated to hiring, developing, and retaining the best talent in the market. We recognize that diversity of thought is fostered by employing a workforce that represents many cultures, backgrounds and geographic regions. It is this diversity that enables Southern to better

understand the needs of our suppliers and customers, and it is critical to the Company's success and growth.

Southern maintains a policy of nondiscrimination towards all employees and applicants for employment. All aspects of employment will be governed on the basis of merit, competence and qualifications and will not be influenced in any manner by sex, sexual orientation, gender identity, genetic information, national origin, race, religion, age, disability, ancestry, color, marital status, pregnancy, or medical condition and any other characteristics protected by applicable law.

All decisions made with respect to recruiting, hiring and promotions for all job classifications will be based solely on an individual's qualifications related to the requirements of the position. Likewise, all other employee matters such as compensation, benefits, training, reduction in force, and social/recreational programs will be administered free from any illegal discriminatory practices.

4. AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA) prohibits discrimination on the basis of disability in all aspects of employment, including but not limited to hiring, promotion, discharge, pay, and job training. It is also illegal for an employer to discriminate against a person who is perceived to be disabled or is associated with a person who has, or is perceived to have, a physical or mental disability. The law requires that employers make reasonable accommodation to the known physical or mental limitations of otherwise qualified individuals (applicants or employees) with disabilities, unless such accommodations impose an undue hardship on the employer.

5. AFFIRMATIVE ACTION

As a federal government contractor, Southern is required to have Affirmative Action Plans. These plans demonstrate the Company's commitment to hiring and promoting qualified minorities, females, covered veterans, individuals with disabilities and any other category as required by law.

6. THE GENETIC INFORMATION NON-DISCRIMINATION ACT

The Genetic Information Nondiscrimination Act of 2008 (GINA) prohibits employers or other entities covered by GINA Title II from requesting or requiring genetic information of an individual or family member of the individual except as specifically allowed by this law.

7. PREGNANCY AND LACTATION ACCOMMODATION

Southern will make every effort to reasonably accommodate the medical limitations of pregnant employees who continue to work during pregnancy. Pregnant employees are strongly encouraged to consult their physicians to determine what, if any, workplace accommodations may be necessary during pregnancy and to promptly notify the Human Resources Department of the need for such accommodation. Southern is committed to providing pregnant employees with a safe and welcoming workplace environment, free from discrimination based on pregnancy status.

New mother employees who are lactating are permitted as many breaks as needed to express breast milk during lactation and will be provided with private facilities to do so. Whenever possible, breast milk expression should take place during an employee's normally scheduled break period(s).

8. ANTI-HARASSMENT POLICY

In keeping with Southern's commitment to provide a workplace free of discrimination, we maintain a strict policy prohibiting unlawful harassment regarding any characteristics protected by anti-discrimination laws including sex, sexual orientation, gender identity, genetic information, national origin, race, religion, age, disability, ancestry, veteran status, color, marital status, pregnancy, or medical condition and any other characteristics protected by applicable law.

This policy applies to all Southern agents or employees and prohibits unlawful harassment in any form, including that of a verbal, physical or visual nature. This policy also extends to vendors, customers, independent contractors and any other third party doing business with Southern. Harassment, in some circumstances, may include but is not limited to, verbal harassment, e.g., epithets, derogatory comments, or slurs on the basis of a characteristic protected by law; physical harassment, e.g., assault, impeding or blocking movement, or any physical interference with normal work or movement when directed at an individual on the basis of a characteristic protected by law; visual forms of harassment, e.g., electronic mail content, posters, cartoons or drawings which are derogatory on the basis of a characteristic protected by law; and requests or demands for sexual favors, e.g., unwanted sexual advances or sexual favoritism or other acts which indicate that the means for promotion or other employment benefits is through the exchange of sexual favors, which may or may not involve sexual overtures. This policy applies to all phases of the employment relationship, including recruiting, testing, hiring, promotion/demotion, transfer, layoff, termination, rates of pay, benefits, and selection for training.

It is the stated policy of Southern to prevent or prohibit this type of conduct on the job, including sexual harassment or any other type of unlawful harassment by co-workers, supervisors, agents, customers, visitors, vendors or others. Any employee found to have acted in violation of the foregoing policy will be subject to appropriate action including warnings, reprimands, suspensions and/or discharge.

Retaliation is also a very serious violation of this policy and should be reported immediately to any of the persons in authority mentioned in this policy. Retaliation against any individual for reporting harassment will not be tolerated and will itself be treated as harassment. Each offense will be investigated and sanctioned separately.

Individuals who are not themselves complainants but who assist in a harassment investigation will also be protected from retaliation under this policy. There will be no adverse job-related consequence for any individual bringing good faith concerns about harassment to Southern's attention, or for any individual who participates in an investigation, regardless of the outcome of the investigation.

A. Harassment Officers

Southern's Harassment Officers are referred to in Appendix A. All complaints of unlawful harassment, including sexual harassment, should be directed to one of the Harassment Officers. All complaints will be handled confidentially to the maximum extent possible. The Harassment Officers have full responsibility to receive, investigate and resolve complaints involving violations of the policy and to counsel and/or discipline the harassed/harassing employee as appropriate, up to and including termination.

B. Reporting Procedure

If an employee believes he or she has been harassed because of any protected characteristic, the employee should make clear to the individual(s) involved that their behavior is unwelcome. If the behavior does not stop, or an employee otherwise believes that he or she is a victim of sexual favoritism as a result of a past or current romantic or sexual relationship between another supervisor and employee, the employee should promptly report the facts of the incident(s) to his or her supervisor, who in turn will contact a Harassment Officer, who will commence an investigation. If the supervisor is involved in the unwelcome behavior or harassment, or if the employee needs to do so for any other reason, the employee may go directly to one of the Harassment Officers. All complaints should be in writing and signed, and may, but need not, be on the complaint form available in Appendix A.

Southern will undertake every effort to handle the investigation of such complaints in a confidential manner. In that regard, Southern will disclose the contents of the complaint only to those persons having a need to know of the complaint, and the factual basis of the complaint. For example, to conduct its investigation of a complaint, Southern will need to disclose portions of the complaint to potential witnesses, including anyone identified as having knowledge of the facts on which the employee is basing the complaint.

The more detailed information the employee gives to Southern, the more likely it is that Southern will be able to address the complaint to the employee's satisfaction. Southern takes charges of harassment very seriously, both because of the harm caused to the person harassed and because of the potential sanctions that may be taken against the harasser. It is, therefore, very important that employees report the facts as accurately and completely as possible, and that they cooperate fully with the person or persons designated to investigate such complaint.

Southern will promptly investigate all claims of unlawful harassment and take appropriate corrective action, including discipline, with any individual who is found to have harassed an employee. Every effort will be made to keep confidential the identities of the parties involved. Complainants can be certain that no retaliation will be taken against them for accurately reporting harassment. If you have any questions concerning this policy, please contact one of the Harassment Officers or your Human Resources Department.

9. ANTI-DISCRIMINATION POLICY

Southern is committed to providing you with a work environment that is free of discrimination. In keeping with this commitment and in accordance with its legal obligation, we maintain a strict policy prohibiting discrimination based on any protected status. Any employee who believes that he or she has been discriminated against because of their membership or association with a member of a group with a protected status should promptly report the facts of the incident(s) to your Human Resources Department or to one of the designated Harassment Officers, as set forth in Appendix A. All complaints should be in writing and signed, and may, but need not, be on the complaint form available in Appendix A.

Southern will promptly investigate all claims of discrimination and take appropriate corrective action. Every effort will be made to keep confidential the identities of the parties involved. Complainants can be certain that no retaliation will be taken against them for reporting complaints of discrimination based

on any protected category. Retaliation against someone based on their reporting of a complaint will be taken very seriously and the person engaging in any such conduct will be disciplined appropriately, up to and including termination.

Individuals who are asked to participate in an investigation are expected to cooperate, and be truthful and forthcoming. Failure to do so will be grounds for discipline up to and including termination.

If you have any questions concerning this policy, please feel free to contact your Human Resources Department.

10. POLICY ON RETALIATION

Company policy strictly prohibits retaliation against any employee who in good faith exercises legally-protected rights or who utilizes our Open Door Policy.

If at any time during or following the Open Door Policy process you believe that you are being subjected to retaliation, you must report it to your Human Resources Department or to one of the Harassment Officers listed in Appendix A. Upon completion of an investigation, anyone found to be responsible for retaliatory behavior will be subject to disciplinary action, up to and including termination.

11. DISCLOSURE REGARDING RELATIONSHIPS

Southern desires to avoid misunderstandings, complaints of favoritism, possible claims of sexual harassment, and the employee morale and dissension problems that can potentially result from personal or social relationships between employees. Accordingly, any supervisory or managerial employee is prohibited from having any marital, cohabitation or close personal relationship or involvement with any employee in their direct line of supervision.

Additionally, any supervisory or managerial employee is required to report to management any marital, cohabitation or close personal relationship or involvement that he or she is having with any other employee of Southern. Such disclosure should be made to a senior division executive and/or the Harassment Officers referred to in Appendix A. Southern will make every effort to keep such information confidential. Southern maintains this disclosure policy aimed at preventing sexual harassment or other wrongful conduct in the workplace.

Southern, in its sole discretion, will determine whether any romantic or sexual relationship between a manager or supervisor and a subordinate interferes with job performance or the business interests of Southern by creating a negative or unprofessional work environment or by raising concerns regarding supervision, safety, security, or morale. Southern will attempt to resolve any such situation by whatever measures it deems appropriate, including but not limited to, providing one of the employees with a transfer to another position for which he or she is qualified if it is possible and consistent with good business practices. However, Southern may take whatever steps that will protect its business interests, including but not limited to, requiring one of the affected employees to leave Southern. The decision as to which employee leaves will be left solely to the affected employees. In the event that no alternative position is available and neither employee voluntarily leaves Southern, the employee with the lesser seniority will be terminated.

12. EMPLOYEE'S DUTY TO DISCLOSE BENEFITS RECEIVED

No supervisor, manager, or officer of Southern is authorized to condition the receipt or denial of any benefit, compensation, or other term or condition of employment on an employee's complying with any sexual demand. To the contrary, all employees are instructed that they must refuse such demands and report them promptly to Human Resources or one of the Harassment Officers listed in Appendix A. Any employee who is found to have obtained any benefit from Southern because he or she submitted to an unreported sexual demand will be disciplined appropriately, including but not limited to, reimbursement for the value of any benefits received. Any supervisor, manager, or employee making such a demand will be disciplined, up to and including termination.

13. EMPLOYMENT OF RELATIVES

We want all of our decisions regarding employees to be fair and businesslike. Southern may, therefore, refuse for business reasons, or for reasons of supervision, safety, security or morale, to place (1) an employee under the direct supervision of his or her relative, (2) both relatives in the same department, division, or facility or (3) employees who are cohabiting or in a close personal relationship in the same department, division or facility, if the work involves potential conflicts of interest or other hazards greater for married couples or employees who are cohabiting or in a close personal relationship than for other persons. If co-employees marry, Southern will make reasonable efforts to assign job duties so as to minimize problems of supervision, safety, security, or morale. If no such position is available, then one of the employees may have to resign his or her position.

14. YOUR SUPERVISOR

Although this handbook will be of assistance to you in informing you about our policies, you should contact your supervisor or our Human Resources Department for further information about Southern or any questions you may have. Your supervisor will help you personally and will delegate others to assist you in becoming familiar with your responsibilities at Southern. We anticipate that you will have questions and we are here to review any issues you might have.

15. AT-WILL EMPLOYMENT

Your employment with Southern is at-will and at the mutual consent of you and Southern. Your employment is therefore voluntary and either you or Southern are free to terminate it at any time, with or without cause or notice. You also may be demoted and the terms of your employment may be altered at any time, with or without cause or notice, at Southern's discretion. Nothing contained in this Handbook or in any other oral or written statement should be interpreted as creating a contract of employment guaranteeing continuous service or as changing this employment at-will relationship. No one other than the President of Southern Wine & Spirits of America has any authority to enter into any agreement contrary to the at-will policy and any such contrary agreement must be in writing and signed by both the President and the employee. This policy of at-will employment is the sole and entire agreement between you and Southern as to the duration of employment and the circumstances under which employment may be terminated.

16. EMPLOYEE-PROVIDED INFORMATION

We rely upon the accuracy of information contained in the employment application and the accuracy of other data presented throughout the hiring process and your employment. Any misrepresentations, falsifications, or material omission in any of this information or data may result in exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

17. ORIENTATION PERIOD

The first six (6) months (working a minimum of 1,040 hours) of your active employment at Southern is considered an orientation period. This will give both you and your supervisor an opportunity to determine if appropriate job placement and individual satisfaction have been achieved.

You will be able to use this time to determine if this is the right company and the right job for you, and to see if you want to be a member of our team. Similarly, during this period, we will be carefully evaluating your performance on the job and your potential abilities to determine whether your qualifications are best suited to Southern and to your work assignments. **Employment after the orientation period remains at-will and at the mutual consent of the employee and Southern. Your employment at Southern is therefore voluntary and either you or Southern are free to terminate it at any time. Nothing contained in this handbook should be interpreted as creating a contract of employment or changing this employment at-will relationship.**

IV. COMPENSATION

1. WAGES AND PAY ADJUSTMENTS

Southern strives to provide you with wages and benefits which are generally competitive with wages and benefits in this area. Pay adjustments for employees at Southern are based on merit, additions to job duties and responsibilities, attendance records, length of service, performance, disciplinary record, market conditions, and other relevant factors.

Job classifications and your personal performance are assessed periodically to assure that the pay you receive is in line with the amount of work and degree of responsibility assigned to you.

Any questions regarding your wages should be discussed with your supervisor or your Human Resources Department.

2. TIMEKEEPING FOR NON-EXEMPT EMPLOYEES

To ensure you receive the correct amount of pay, non-exempt employees are required to use time sheets or time clocks in order to record time worked for payroll purposes. “Non-exempt” employees are defined as employees who are not exempt from (and therefore should receive) overtime pay pursuant to state and federal law. Employees must accurately record their work time at the beginning and end of each workday, for each lunch break, and for all off-shift work time. In general, your workday begins when you arrive at your first account (or Company workplace) and ends when you leave your last account (or workplace). Any off-shift or “off the clock” work time (as defined below) should be recorded by the employee and will be compensated. Your supervisor will sign off on your hours worked each week.

For payroll purposes, the workweek begins at 12:00 AM each Monday and ends at 11:59 PM the following Sunday. Unless directed otherwise, if you are not punching a time clock and/or if you have off shift or off the clock work time, you will need to submit your approved time sheet to your supervisor each Monday no later than 9 AM. Note: *Failure to submit your time sheet on a timely basis may result in the delay of your paycheck.*

All time records represent legal documents that are used to compensate employees properly as required by applicable state and federal law. Consequently, Southern reserves the right to audit all employee time records to ensure accuracy and compliance with the law. When an employee submits his or her time records, he or she is warranting that the time is a true and accurate representation of work performed on behalf of the Company. Falsifying your time records will result in termination.

3. OVERTIME

Non-exempt employees may be required to work overtime. When such an occasion occurs, it is expected that all such employees will share this responsibility. Management has the discretion to select and to schedule employees to work overtime when needed. Every effort will be made to give you advance notice whenever possible.

Non-exempt employees will be paid for overtime work in accordance with applicable law. **Overtime must be approved, in advance, by your immediate supervisor.** It is up to Southern to schedule sufficient time for employees to complete their assigned tasks and up to employees to complete their work in the time allotted. Any employee working unapproved overtime will be subject to discipline, up to and including termination.

Only those hours that are actually worked are added together to determine an employee's overtime pay. Overtime will be computed on actual time worked. Compensated holidays, PTO days, or vacation days are not considered hours worked and, therefore, are not counted in making overtime calculations.

Union employees should consult the Collective Bargaining Agreement for guidelines on overtime calculation.

4. "OFF-THE-CLOCK" WORK

Non-exempt employees shall not perform any work outside their regularly scheduled workday, during any unpaid lunch or meal break, or before punching in or after punching out, unless such work is specifically authorized by their immediate supervisor. This includes the use of Southern's technology resources, as defined in Southern's Technology Use and Privacy Policy, in furtherance of their job duties (as opposed to personal use). All work performed during off-shift hours must be reported and will be compensated. Working off the clock without authorization is considered a violation of Company policy. Employees who violate this policy may be subject to discipline up to and including termination.

If you forget to clock in or out, or if you believe your time records are not recorded accurately, you must notify your supervisor or Human Resources Department immediately in writing so that the time can be accurately recorded for payroll purposes.

5. BREAKS AND MEAL PERIODS

Hourly employees are provided with one fifteen minute break, for each four (4) hours worked per workday (e.g., two 15-minute breaks based on an 8-hour workday). The breaks should generally occur in the middle of each 4-hour work period to the extent practicable. Break periods may not be added to the meal period in order to extend that time, nor may they be taken at the beginning or at the end of a workday.

Hourly employees will receive an unpaid meal period for every five (5) hours worked per workday. Such employees may not perform company work during the meal period.

Your supervisor will tell you of your scheduled breaks and meal period. In no case should an employee abuse meal or break periods.

Union employees should consult the Collective Bargaining Agreement for guidelines on breaks and meal periods.

6. PAY DAY

Southern's pay period for Metro New York employees is weekly. Paychecks for each pay period will be issued on the corresponding Friday. The workweek starts on Monday and ends on Sunday.

Commissioned salespeople receive a weekly draw against their commissions. Net commission checks will be paid by the 15th of the following month. Withholdings mandated by federal and state law (federal and state income taxes and Social Security taxes) will be deducted from each paycheck.

V. EMPLOYEE BENEFITS, PLANS & PROGRAMS

Southern provides a number of benefits programs for its employees. However, Southern reserves the right to modify and/or eliminate the terms and conditions of any employment benefits.

1. 401(k) RETIREMENT PLAN

Southern offers you, through a 401(k) plan, an opportunity to reduce the amount of federal income tax you pay by saving for your retirement. This form of retirement planning allows you to save money now and save for your future. In addition, Southern will make substantial contributions on your behalf into your individual 401(k) plan provided that you make the minimum deferred salary contribution on your own behalf. A full description of the 401(k) plan and its eligibility requirements are available from your Human Resources Department. We urge you to obtain and review a description of the plan and take advantage of this benefit when you become eligible.

2. MEDICAL, DENTAL, VISION, LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND DISABILITY INSURANCE

Southern provides comprehensive medical, dental, vision, life and disability plans for its employees. Detailed, written information explaining eligibility and benefits for these plans is available from your Human Resources Department. Please review this information carefully.

3. SECTION 125 BENEFIT PLAN

Where possible, all employee benefit premiums deducted from paychecks are before taxes, thereby decreasing the amount of earnings subject to taxes and increasing your take-home pay. For more information on this plan, please contact your Human Resources Department.

4. FLEXIBLE SPENDING ACCOUNT PROGRAM

Southern offers a benefit program that helps its employees pay for dependent care expenses as well as non-reimbursable out-of-pocket medical, dental or vision expenses. This program offers significant tax advantages. For more information on this plan and the eligibility requirements, please contact your Human Resources Department.

5. CONTINUING EDUCATION FINANCIAL ASSISTANCE POLICY

Southern offers a program to assist employees with the cost of continued work-related education, training and development. You must be a regular, full-time employee who has successfully completed one year of employment with Southern. Employees must submit their education and training requests in writing to their Human Resources Department no later than sixty (60) days prior to the commencement of any class(es) for which they are requesting reimbursement. To learn more about the eligibility requirements and other features of the program, please contact your Human Resources Department.

6. EMPLOYEE ASSISTANCE PROGRAM

Southern offers its employees an Employee Assistance Program (EAP) which provides outside professional assistance to employees who have personal problems that may be as diverse as alcohol or drug abuse, family or marital problems, or behavioral disorders. The EAP program is also available to the families of our employees.

The EAP provides confidential assessment, referral, and short term counseling (up to a maximum of 3 sessions) at no cost to employees. If an EAP referral to a provider outside the EAP is necessary, services may be covered by the employees medical insurance benefits, but the cost of such outside services is the employee's responsibility. To learn more about this program, please contact your Human Resources Department.

7. COLLEGE SCHOLARSHIP PROGRAM

Southern is proud to offer a College Scholarship Program for the children of its employees. The program gives all eligible students the opportunity to apply for a scholarship. Applicants are evaluated on academic accomplishments, leadership and commitment to extracurricular activities. For eligibility requirements and enrollment deadlines, please contact your Human Resources Department.

8. SERVICE RECOGNITION PROGRAM

Southern appreciates your hard work and dedication, which contributes to the overall success of the Company. In order to acknowledge our employees for their years of service to the Company, Southern proudly supports a recognition award program that is like no other in the industry. All full-time employees are eligible for an award for each five years of service (i.e., 5, 10, 15 and so forth). You will receive your service award in the year in which you reach the above anniversary milestones. To learn more about this program, please contact your Human Resources Department.

9. CREDIT UNION

In many of our divisions, Southern has arranged for an independent company to provide you with a credit union that includes among its services: personal loans; savings accounts; and other services. Southern is providing this option as a service to you, but does not assume any liability for any act or omission by such credit union, which is a completely separate company from Southern. Your use of the credit union is solely your decision and you should carefully consider the risks and the advantages before doing so. Please contact your Human Resources Department to see if this service is available in your division and for more information.

10. DIRECT DEPOSIT

Employees are encouraged to take advantage of all the benefits Direct Deposit has to offer. Once enrolled, you don't have to go to the bank to deposit checks, your money is automatically deposited into your account on time, every time – and you don't have to be at work – or even in town! Direct Deposit is safe and gives you access to your money immediately rather than waiting for your check to clear. You can sign up by completing the form in your Human Resources Department and attaching the required documentation.

11. SOCIAL SECURITY

The amount that you contribute each month to the federal government in the form of Social Security taxes is matched by Southern to provide benefits for you after retirement. These contributions also provide you with benefits should you become disabled and may provide your spouse or minor children with benefits in the event of your death.

12. UNEMPLOYMENT COMPENSATION

Southern also contributes to provide you with unemployment benefits. If your employment terminates, you may be eligible to receive unemployment benefits provided as a result of this contribution. Southern pays the entire cost of this benefit.

13. WORKERS' COMPENSATION

Southern carries insurance to cover the cost of work-related injuries or illnesses. Benefits help pay for treatment and part of any lost income until you are able to return to work. You are required to immediately report any work-related injury to your supervisor who will direct you to a specified industrial injury clinic for treatment if necessary. However, regardless of the need for medical treatment, all work related injuries and/or accidents must be reported. For employees who drive as part of their job duties, this includes reporting any automobile accidents that may occur in the course and scope of employment. Southern pays the entire cost of this benefit.

14. OFF-DUTY RECREATIONAL, SOCIAL OR ATHLETIC ACTIVITIES

Southern may at times sponsor or co-sponsor recreational, social or athletic activities. A Southern employee's participation in any such activity is completely voluntary. An employee's decision to participate or not to participate will not affect his or her job in any way, including job retention, promotion and/or compensation. There is no implied or expressed expectancy by Southern for its employees to participate in any such activities.

It is the intended purpose of Southern to advise all employees that Southern shall not be responsible for injuries which arise out of an employee's voluntary participation in off-duty recreational, social or athletic activities.

Activities, including but not limited to: recreational sporting activities (e.g. softball, baseball, basketball, football, golf, etc.), charitable volunteer projects (such as Habitat for Humanity) and summer and winter sports activities (for example: water and snow skiing, surfing, personal watercraft riding, etc.) are sometimes offered as recreational, social, or athletic activities. Accidents may occur during these activities. If a Southern employee decides to voluntarily participate in an off-duty recreational, social or athletic activity, Southern and its workers' compensation insurance carrier will not be responsible for any injury and/or death which may occur. All employees will be required to sign an acknowledgement form to this effect.

VI. ON THE JOB

1. LENGTH OF SERVICE OR SENIORITY

Length of service or seniority will accrue from the most recent date of continuous employment with Southern and will be considered in most matters relating to an employee's welfare, promotions, transfers, reductions in force, compensation, etc.

Additionally, employees who have worked for Southern prior to their most recent hire date will be permitted to count their previous service with Southern based on the following rules:

- i. Your break-in-service must be less than the time you worked for Southern, and
- ii. If your break-in-service is 10 years or more, none of your previous service will count towards your seniority.

2. EMPLOYEE CLASSIFICATIONS

In addition to our full-time regular employees, we also employ part-time and seasonal/temporary employees. A part-time employee is an employee who is hired to work less than thirty (30) hours per week. A seasonal/temporary employee is an employee hired for a specific duration, such as the holiday season. Part-time and seasonal/temporary employees are not entitled to holidays, benefit plans (except as required by law), vacation, funeral pay, PTO, orientation period, progressive discipline and other benefit programs outlined in this handbook.

In order to qualify as a full-time regular employee entitled to holidays, benefit plans, vacation, funeral pay, PTO, orientation period, progressive discipline, report in pay and other benefit programs outlines in this handbook, you must be scheduled to work an average of 35 hours per week on an annual basis.

3. ABSENTEEISM AND TARDINESS

Tardiness makes other employees' jobs more difficult and detracts from Southern's overall performance. It is Southern's policy that employees who are not prepared for work at their designated starting times are considered tardy and that employees should remain at their work stations until their shifts end. Hourly employees are expected to clock in when their shifts begin and to clock out promptly upon their completion or whenever personal reasons take them away from work. Employees should not stop work or make premature preparations to leave work before specified break times, lunch periods, or quitting times.

The Company expects employees to be reliable and punctual for work. Good attendance and promptness are important factors in determining whether your performance is satisfactory. While some allowances may be made for occurrences beyond the employee's control, ***habitual or excessive absenteeism or tardiness, as determined by the Company, is subject to disciplinary action up to and including termination.***

Similarly, absenteeism hurts fellow employees and Southern as a whole. Since our work depends upon teamwork, when an employee is not on the job, everyone else must adjust to assume his or her

workload. It is therefore each employee's responsibility, both to fellow employees and to Southern, to be on the job on time. Employees are expected to be available to work as scheduled. If for any reason an employee is unable to report to work, he or she is expected to notify their department head or immediate supervisor, or call the department sick line (where applicable) at least two (2) hours before the start of his or her shift so that arrangements can be made to cover said shift. If you are faced with an extreme emergency, you should call your supervisor as soon as possible.

Repeated absences or tardiness will result in disciplinary action and possible termination if not corrected. Any employee absent from work without proper notice for three (3) consecutive workdays will be considered to have voluntarily terminated his or her employment. Employees who are absent for more than three (3) consecutive workdays due to personal illness will be required to provide a doctor's certificate of illness.

4. TIME RECORDS

Hourly employees are responsible for recording hours worked on their time records by swiping in and out on the time clock (where applicable) in their department. No employee may swipe any time record other than his or her own. Employees who are found to have swiped another employee's time record or have had their time record swiped by another employee will be subject to disciplinary action up to and including termination.

Each employee's time record must show a swipe-in time and a swipe-out time for every day worked, for lunch breaks, and for any time that personal reasons take the employee away from work. Time that is written on the time record will not be accepted by the Payroll Department unless approved on the time record in writing by the employee's supervisor. It is the responsibility of the employee to obtain such approval.

5. SAFETY

Southern recognizes and accepts management's responsibility to provide safe working conditions for its employees. Southern's accident, loss prevention and safety program is vitally important to all of us.

We have established a division safety committee as well as safety working committees for the office, sales and the warehouse, all under the direction of our Safety Director and our senior management. Your safety committees will determine the effectiveness of existing programs, will identify areas in need of improvement, and will develop an up-to-date program which will ensure effective and consistent safety management now and for future years.

In addition, employees must, as a condition of employment, wear all required safety articles and use required protective equipment at all specified times to comply with good safety practices, plant safety rules and all applicable state and federal regulations (including OSHA). Safety of all employees and protection of equipment and property will always take precedence over expediency or short cuts. Our aim is to ensure that our safety policy is carried out in an ongoing, consistent manner. Employees shall always observe good safety practices and should not engage in any conduct, which tends to create a safety hazard. Success is only possible if long-term consistency exists in our safety programs and activities.

We ask that all employees take an active part in Southern's "work safe" attitude and the ongoing development of our safety policies by communicating directly with one or more safety working committee members. These working committees have been given the responsibility to voice the observations of all Southern employees through their respective meetings and to present "work safe" recommendations to your division's safety committee. Employees must immediately notify Southern of any accident, any injury, or any damage to Southern property and, if requested, provide a full written report. Failure to do so may result in disciplinary action up to and including termination.

6. TOBACCO POLICY

For health and safety considerations involving you and your fellow employees, and to comply with applicable law, Southern discourages the use of tobacco products. Smoking and the use of other tobacco products are prohibited while on Southern property, including company vehicles, except for locations specifically designated as smoking areas. In addition, as a representative of Southern, you are required to observe all smoking regulations of any property you are on while performing the duties of your job.

7. SOLICITATION, DISTRIBUTION AND BULLETIN BOARDS

Employees should not be disturbed or disrupted in performing their job by solicitations of any kind. For that reason, solicitation of employees during working time by, or on behalf of any individual, organization, club or society is prohibited. This rule does not apply to employees during break periods, meal times, or other specified periods during the work day when employees are not engaged in performing their work tasks and are in properly designated areas.

In order to maintain clean and orderly facilities, the distribution of any literature, pamphlets or other material of any kind on Southern work premises is prohibited at all times. In addition, the distribution of any literature, pamphlets or other material of any kind in a non-work area (e.g. parking lot) is prohibited if it produces litter.

Solicitation or distribution in any way connected with the sale of any goods or services for profit is strictly prohibited anywhere on Southern property at any time. Similarly, solicitation or distribution of literature for any purpose by non-employees is strictly prohibited on Southern property at any time. Southern has bulletin boards located throughout the facility for the purpose of communication with its employees. Postings on these boards are limited to company related material including statutory and legal notices, safety and disciplinary rules, memos of general interest relating to Southern, and other approved items and must not be removed without permission from management. All postings require the prior approval of your Human Resources Department.

Employees are NOT allowed to solicit free or discounted goods or services (or anything else having tangible economic value) from Southern vendors, customers, and other third parties with which Southern does business. This rule shall not apply to managers (Department Heads or District Managers) and executives, or to employees who obtain prior approval of a manager or an executive. This policy is subject to modification by the (Executive) Vice President, General Manager. All managers and executives shall exercise good judgment when soliciting discounted goods or services and shall avoid any conflict of interest or the appearance of impropriety.

Notwithstanding anything to the contrary above, soliciting and/or accepting sales incentives offered outside Southern's bonus system from any Southern supplier, vendor, customer, or other third party with

whom Southern does business is **prohibited**. Accepting incentives outside Southern's bonus system will result in discipline up to and including termination. This policy is subject to modification only with the express written permission of the (Executive) Vice President, General Manager.

8. JOB POSTING POLICY

A. Purpose

Southern is committed to equal opportunity in all employment practices including recruitment and hiring decisions. This program will provide employees with an avenue for pursuing promotional opportunities within Southern when appropriate.

B. Equal Opportunity

Southern maintains a policy of nondiscrimination towards all employees and applicants for employment. All aspects of employment will be governed on the basis of merit, competence and qualifications and will not be influenced in any manner by sex, sexual orientation, gender identity, national origin, race, religion, age, disability, ancestry, color, marital status, pregnancy, or medical condition and any other characteristics protected by applicable law. All decisions made with respect to recruiting, hiring and promotions for all job classifications will be based solely on individual qualifications related to the requirements of the position.

C. Policy

Southern strives to promote from within. However, Southern reserves the right to hire from the outside, where appropriate. Advancement depends on the availability of openings, individual performance, knowledge, skills and management's evaluation of your ability to accept more responsibility. Southern posts all positions up to and including supervisor and middle management positions for both sales and operations. Openings are posted on Southernwine.jobs for up to five (5) calendar days. In certain circumstances, Southern, in its sole discretion, may not post a position. Changes to this policy must be approved by the division (Executive) Vice President, General Manager and Corporate Human Resources.

D. Eligibility

All Southern employees are eligible to apply for posted job opportunities provided that they meet the following criteria:

- i. Employees must meet the qualifications for the posted position;
- ii. Employees must have worked a minimum of six (6) months in their present position. Changes to this policy must be approved by the (Executive) Vice President, General Manager and Corporate Human Resources; and
- iii. Employees must be satisfactorily meeting all job requirements of their current position. This includes but is not limited to overall job performance, reliability and compliance with company policies and procedures. Failure to comply with policies and procedures resulting in recent or pending disciplinary action will make an employee ineligible.

E. Application Process

Employees interested in a posted position should submit an application on-line to www.southernwine.jobs prior to the closing date of the posting. While you are not required to, you are encouraged to discuss your career interests with your immediate supervisor prior to submitting your application.

F. Selection

To provide equal employment opportunities to all individuals, employment decisions will be based on merit, qualifications, education, skills, and abilities, etc. After a review of an applicant's qualifications, an interview may be scheduled by Human Resources with the hiring manager. If you are selected for the position, the transfer date is generally two (2) weeks from the offer date, but will be mutually agreed upon and arranged by management. If you are not selected for the position, you will be notified by Human Resources.

9. EMPLOYEE RECORDS

Your employee record is maintained in confidence by the Human Resources Department and such information is released only to those persons with a need to know.

You have a right to review and inspect your own employee file. If you want to review your file, call the Human Resources Department, which will make the appropriate arrangements for such an inspection to take place.

Upon joining Southern, you are to complete several forms requiring various facts and information about yourself. Keeping your employee records accurate and up-to-date is important to you and to Southern because it enables us to reach you or your family in the event of an emergency, and allows us to properly maintain your insurance and other benefits. Southern should be notified promptly in writing of changes in:

- i. Name, address and/or telephone number.
- ii. Divorce or legal separation (for benefit plan purposes).
- iii. Beneficiary or dependents listed on your insurance.
- iv. Dependent child ceasing to be a dependent (for benefit plan purposes).
- v. Additional dependents.
- vi. Other employment related status, including immigration status.
- vii. Person to notify in case of an accident or emergency.

10. PERSONAL PROPERTY

Southern does not assume any responsibility or liability for the theft of or damage to personal property brought onto Southern property, including automobiles parked in the parking lot. Should an employee suffer loss of personal property through theft or vandalism, he or she should immediately report the loss to his or her supervisor. The Senior Operations Executive should be contacted to ensure that all reasonable steps are taken to prevent any recurrence.

11. PERSONAL HYGIENE AND APPEARANCE

Employees are expected to maintain a professional appearance appropriate for a business environment and should be considerate of others by practicing good hygiene. Offensive odor due to poor hygiene is unacceptable. Regular use of deodorants, brushing teeth, and bathing is expected of all Southern employees. Hair should be washed on a regular basis and be neat in appearance. Excessive odor from perfume and colognes is also discouraged due to the sensitivity of others. Changing and laundering of clothing is expected in conjunction with our dress and grooming standards policy.

12. DRESS AND GROOMING STANDARDS

It is in all of our best interests that all Southern employees present a professional image to our customers, suppliers, and the public. Accordingly, it is expected that all employees will dress in a manner consistent with good taste, good hygiene and safety. Employees whose jobs require them to come in contact with customers, suppliers, or the public are expected to wear apparel consistent with that worn by persons in the community dealing with the public in similar capacities. Southern's dress and grooming standards policy is outlined in Appendix C. Any accommodation needs directly related to an employee's religion, ethnicity or disability should be discussed with Human Resources. If an employee reports to work unacceptably dressed, he or she may be sent home to change without compensation.

13. FACILITY ACCESS/IDENTIFICATION BADGE

Southern restricts access of unauthorized persons to certain areas of our facilities. Employees may be issued a facility access/identification badge. The badge allows employees access to parking lots and to certain secured areas in the building. Employees are asked to keep their badge visible at all times.

Employees are required to park only in unrestricted and authorized parking spaces. Individuals requiring parking in designated Disabled Parking spaces will be required to display a copy of their Disabled Parking Permit in their vehicle. Illegal parking may result in termination of parking privileges. Upon termination of employment, employees are required to return their badges to their manager on the last day of employment.

14. GOOD HOUSEKEEPING

Good housekeeping and quality workmanship go hand in hand. We all like to live in clean, pleasant surroundings and it is our policy to maintain the best standards of good housekeeping. Everyone is expected to do his or her part by placing trash in the containers provided, recycle where applicable, and by applying simple rules of tidiness. It is everyone's obligation to help keep our facility clean, orderly and in good repair.

15. MOONLIGHTING

Southern understands that, on occasion, employees may be forced, for economic or other reasons, to obtain additional employment while still employed by Southern. While we do not strictly prohibit this, Southern asks that each employee think seriously about the effects that such extra work may have on the limits of his or her endurance, his or her overall personal health, and his or her effectiveness with Southern.

Southern will hold all employees to the same standards of performance and attendance and cannot make exceptions for employees who also hold outside jobs.

Please note, however, that some outside jobs might violate or jeopardize compliance with applicable Alcoholic Beverage Control laws and regulations. For this reason, employees must discuss with Human Resources the appropriateness of any outside job involving the sale, distribution, or manufacture of alcoholic beverages and obtain approval in writing before accepting such outside employment. Any violation of this policy may result in disciplinary action up to and including termination.

Note also that some outside jobs (such being employed by a competitor) might constitute an impermissible conflict of interest that would also require disclosure to Southern. [See Conflict of Interest Policy (Section VIII.5)]

16. CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION

During your employment with Southern, or one of its subsidiaries or affiliates, it is likely you will gain access to information which Southern considers to be either confidential, proprietary or a trade secret. Confidential or trade secret information is sensitive information to which you may gain access by virtue of your employment with Southern. Proprietary information is that in which Southern has an ownership interest. Proprietary information relates to unique ideas or data generated from within the organization that helps determine the course of decision-making by Southern. Some examples of confidential, proprietary and trade secret information to which you may have access include without limitation:

- i. Marketing plans, strategies and programs
- ii. Operational methods
- iii. Designs and design projects
- iv. Research projects
- v. Advertising strategies
- vi. Third party vendor relationships and information
- vii. Business acquisition plans
- viii. Product development techniques and plans
- ix. Customer lists
- x. Pricing policies
- xi. Planning and budgeting information
- xii. Information about employees
- xiii. Sales information
- xiv. Data processing and software programs
- xv. Intellectual property rights
- xvi. Litigation strategies
- xvii. Information relating to Southern's finances, financial statements, and current and potential banking relationships
- xviii. Trade "know-how"
- xix. Other business affairs of Southern
- xx. Customer information including but not limited to:
 - 1) Customer strategies
 - 2) Future promotion plans
 - 3) Proprietary data

4) Shelf schematics

Since confidential, proprietary and trade secret information is crucial to the competitive operation of Southern, and since Southern in some instances has a legal obligation to protect such information, it is expected that all employees will preserve the restricted nature of this information. This type of information must not be removed from Southern or divulged to external sources without the written permission of executive management, unless it is directly within the scope of one's job to do so.

This is an affirmative duty which continues after the employment relationship has ended. In this regard you are not to use, publish, or disclose either during or subsequent to your employment any confidential, proprietary or trade secret information to which you have had access during your employment. In addition, neither originals nor copies of information considered by Southern to be confidential, proprietary or a trade secret are to be taken from the premises upon leaving the employ of Southern and such information is not to be disclosed to a subsequent employer or third party. Violation of this obligation can result in disciplinary and/or legal action.

In the event you have any questions as to whether a particular matter is proprietary, confidential or a trade secret, please contact your Human Resources Department.

17. REPORTING OF DAMAGES

When using Southern Wine & Spirits equipment and vehicles, you are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

You should notify your supervisor if any equipment, machines, tools, or vehicles appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or other people. Your supervisor can answer any questions about your responsibility for maintenance and care of equipment or vehicles you use on the job.

In addition, an employee must immediately notify his or her supervisor of any accident or damage to company equipment, vehicles or other property.

The improper, careless, negligent, destructive, or unsafe use or operation of Company equipment or vehicles, as well as excessive or avoidable traffic and parking violations, may result in disciplinary action, up to and including termination of employment.

18. INSPECTION OF PERSONS AND ARTICLES - PRIVACY RIGHTS AND SEARCH POLICY

The responsibility for the security and safety of Southern employees, customers and the general public, as well as for protecting Southern's assets, rests with each employee of Southern. It is the intention of Southern to provide its employees with a safe and secure work environment. Cooperation of all employees is required to meet these goals. Therefore, the following policy should be read and understood by all employees.

All vehicles owned, leased, operated, or otherwise engaged "for hire" by Southern, and all property (regardless of ownership or location) on Southern premises, and/or being brought onto or removed from

Southern's premises, is subject to reasonable inspection and search, for any reason, by Southern at any time, with or without prior notice.

Property includes, but is not limited to, Southern property such as desks, closets, offices, lockers (only Southern provided locks may be used on Southern lockers), vehicles, computers, and communications (such as written information, e-mail, voice mail or text messages sent through company-issued cellular phones), and employee property such as handbags, tote bags, duffle bags, briefcases, lunch bags, other containers and personal vehicles. Employees should not have an expectation of privacy with respect to any Southern property, including personal or private information stored in Company computer files, or sent through Company Technology Resources (as defined in Section VI, part 19).

All employees are responsible for assisting, and otherwise cooperating, in any such inspection and/or search, and if an employee provides false or misleading information in connection with any such inspection and/or search, he/she will be subject to discipline, up to and including termination.

Telephone calls may also be monitored and/or recorded by Southern to ensure quality and customer satisfaction. Employees should therefore not assume that calls made or received on Company lines, or using the Company's Technology Resources, are confidential.

Finally, Southern may maintain a video and audio monitoring system for the security and protection of its employees, visitors and Southern's interests. In order to accomplish this objective, Southern has installed or may install, security cameras in a number of areas. Employees should understand that these security measures assist Southern to monitor areas both inside and outside its immediate premises. As a result, employees should not maintain an expectation of privacy in work areas (including offices), parking facilities, the Company's premises, or areas open to the public.

19. TECHNOLOGY USE AND PRIVACY POLICY

Southern provides various Technology Resources to authorized employees to assist them in performing their job duties for Southern. Each employee has a responsibility to use Southern's Technology Resources in a manner that increases productivity, enhances Southern's public image, and is respectful of other employees. Failure to follow Southern's policies regarding its Technology Resources may lead to disciplinary measures, up to and including termination of employment. Moreover, Southern reserves the right to advise appropriate legal authorities of any violation of law by an employee at the employer's sole discretion or as required by law.

A. Technology Resources Definition

Technology Resources consist of all electronic devices, software, and means of electronic communication including, but not limited to the following: personal computers and workstations; lap-top computers; phones, PDA's, tablets, mini and mainframe computers; computer hardware such as disk drives, USB/zip/flash/jump drives, and tape drives; peripheral equipment such as printers, modems, fax machines, and copiers; global positioning system ("GPS") devices in company vehicles or other similar tracking devices; computer software applications, "cloud" based solutions and associated files and data, including software that grants access to external services such as the Internet; electronic mail; telephones; cellular phones; pagers; and voicemail systems.

B. Authorization

Access to Southern's Technology Resources is within the sole discretion of Southern. Generally, employees are given access to Southern's various technologies based on their job functions. Only employees whose job performance will benefit from the use of Southern's Technology Resources will be given access to the necessary technology. Additionally, if offered or required, employees must successfully complete company-approved technology training and/or orientation before being given access to Southern's Technology Resources.

Unauthorized attempts to gain access to Southern's Technology Resources on any of Southern's systems or any other system is not permitted. Assisting others in gaining unauthorized access to such Technology Resources or accounts, including your own account, is not permitted.

Accounts cannot be transferred to or used by other individuals. You may not use Southern's Technology Resources to misrepresent yourself as another individual ("spoofing"). If you are a victim of such misrepresentation, you must immediately, upon discovery of the incident, report the incident to Southern's IT Director or your Human Resources Department.

Use of Southern's Technology Resources, whether authorized or un-authorized, constitutes acceptance of the Technology Use and Privacy Policy.

C. Use

Southern's Technology Resources are to be used by employees only for the purpose of conducting Southern business. Employees may, however, use Southern's Technology Resources for the following incidental personal uses so long as such use does not interfere with the employee's duties, is not done for financial gain, does not conflict with Southern's business, is not disruptive, offensive or harmful to others in the workplace, and does not violate any Southern policy.

- i. To send and receive necessary and occasional personal communications;
- ii. To prepare and store incidental personal data (such as personal calendars, personal address lists, and similar incidental personal data) in a reasonable manner and only on company-approved and installed software;
- iii. To use the telephone system for brief and necessary personal calls; and
- iv. If available, to access the Internet for brief personal searches and inquiries during meal times or other breaks, or outside of work hours, provided that employees adhere to all other usage policies.

Southern assumes no liability for loss, damage, destruction, alteration, disclosure, or misuse of any personal data or communications transmitted over or stored on Southern's Technology Resources. Southern accepts no responsibility or liability for the loss or non-delivery of any personal electronic mail or voicemail communications or any personal data stored on any Southern property. Southern strongly discourages employees from storing any personal data on any of Southern's Technology Resources.

D. Email

The overwhelming majority of personal email accounts today receive unsolicited commercial email, which wastes valuable corporate computing resources, and reduces employee productivity when used in the work place. This email is often treated casually, and carries with it a high security risk such as a potential confidentiality breach. Other risks associated with the use of a personal email account for business reasons includes, but is not limited to, possible virus outbreaks, and the untimely delivery of business related correspondence.

Approved Southern employees and authorized third party contractors with a business need for electronic correspondence, will be issued an email account with the @southernwine.com suffix. This account will be used solely for the purpose of communicating with associates and/or partners for business related material or for incidental personal uses as detailed in this policy. This policy will conform to existing email retention, spam filtering, anti-virus and security policies as contained herein.

Access to these email accounts will be available 24/7 excluding planned or unexpected down time. This can be accessed through the following methods:

- i. Web Mail via Internet web browser (includes phones, PDA's and tablets)
- ii. SWS approved Desktop client

Electronic mail is backed-up and archived. All electronic mail is automatically purged after 6 months. It is against Company policy to try to circumvent this rule by downloading email to a file, folder, hard drive, flash drive or any other type of storage device or media or forwarding work-related electronic mail to a personal account. Although electronic mail is password protected, an authorized administrator can access electronic mail accounts.

Southern will not support any email account that is being used for business related functions that does not comply with the above policy. Lack of adherence to this policy will result in disciplinary action up to and including termination.

E. Improper Use

- i. Prohibition Against Harassing, Discriminatory and Defamatory Use

Southern is aware that employees use electronic mail, texting, and/or instant messaging for correspondence that is less formal than written memoranda. Employees must take care, however, not to let informality degenerate into improper use. As set forth more fully in Southern's Anti-Harassment Policy, Southern does not tolerate discrimination or harassment based on sex, sexual orientation, gender identity, national origin, race, religion, age, disability, ancestry, color, marital status, pregnancy, or medical condition and any other characteristics protected by applicable law. Under no circumstances may employees use Southern's Technology Resources to transmit, receive, or store any information that is discriminatory, harassing, or defamatory in any way (e.g., sexually explicit or racial messages, jokes, cartoons).

NOTE: Sexual content sent through, received, accessed or stored in, Southern's Company's Technology Resources is strictly prohibited, and violates not just this

policy, but also the Company's policy against harassment. Please refer to the Anti-Harassment Policy for further clarification.

ii. Prohibition Against Violating Copyright Laws

Employees must not use the Company's Technology Resources to copy, retrieve, forward or send copyrighted materials unless the employee has the author's permission or is accessing a single copy only for the employee's reference.

iii. Prohibition Against Downloading of Confidential, Proprietary and Trade Secret Information

Employees must not download to CD's, DVD's, USB flash drives or other medium any of Southern's Technology Resources that would be considered confidential, proprietary or trade secret information. Confidential or trade secret information is sensitive information to which you have or may gain access to by virtue of your employment with Southern. Proprietary information is that in which Southern has an ownership interest. Proprietary information relates to unique ideas or data generated from within the organization that helps determine the course of decision-making by Southern.

Confidential, proprietary and trade secret information is more fully described in Southern's Employee Confidential, Proprietary and Trade Secret Information Policy found in this Employee Handbook.

F. Prohibition Against Loading Personal Software or Adding Hardware

Employees may not load or copy any CD's or personal software from outside Southern onto any of Southern's Technology Resources. Employees may not add any hardware to Southern's Technology Resources without specific approval by Southern's IT Director.

G. Other Prohibited Uses

Employees may not use any of Southern's Technology Resources for any illegal purpose, in violation of any Southern policy, for personal gain (e.g. accessing another employees payroll records) in a manner contrary to the best interests of Southern, in any way that discloses confidential or proprietary information of Southern or third parties, or for personal or financial gain.

H. Removal of Technology Resources

None of Southern's Technology Resources should be removed from Southern's premises without prior authorization other than those Technology Resources that have been issued to employees in order for them to perform the essential functions of their job (e.g. Laptop computers, printers, PDA's, tablets, etc.).

I. Termination

Employees must return all Technology Resources upon termination of employment.

J. Company Access to Technology Resources

All messages sent and received, including personal messages, and all data and information stored on Southern's electronic mail system, voicemail system or computer systems are Southern property regardless of the content. As such, Southern reserves the right to access all of its Technology Resources including its computers, voicemail, and electronic mail systems, at any time, in its sole discretion.

i. Privacy.

Although Southern does not wish to examine personal information of its employees, on occasion, Southern may need to access its Technology Resources including computer files, electronic mail messages, voicemail messages, text messages and records from GPS devices or other similar tracking devices. Employees should understand, therefore, that they have no right of privacy with respect to any messages or information created or maintained on Southern's Technology Resources, including personal information, messages, or data gathered from company provided GPS or other similar tracking devices, including (but not limited to information about the location of Company vehicles). The Company may, at its discretion, inspect all files, messages, or records on its Technology Resources at any time for any reason. The Company may also monitor its Technology Resources at any time in order to determine compliance with its policies, for purposes of legal proceedings, to investigate misconduct, to locate information, or for any other business purpose.

ii. Passwords

Certain of Southern's Technology Resources can be accessed only by entering a password. Passwords are intended to prevent unauthorized access to information. Passwords do not confer any right of privacy upon any employee of Southern. Thus, even though employees may maintain passwords for accessing Technology Resources, employees must not expect that any information maintained on Technology Resources, including electronic mail and voicemail messages are private. Employees are expected to maintain their passwords as confidential. Employees must not share passwords and must not access coworkers' systems without express authorization.

iii. Data Collection

The best way to guarantee the privacy of personal information is not to store or transmit it on Southern's Technology Resources. To ensure that employees understand the extent to which information is collected and stored, below are examples of information currently maintained by Southern. The Company may, however, in its sole discretion, and at any time, alter the amount and type of information that it retains, including:

- 1) Telephone Use and Voicemail: Records are kept of all calls made from and to a given telephone extension. Although voicemail is password protected, an authorized administrator can access voicemail messages.
- 2) Electronic Mail: Electronic mail is backed-up and archived. All electronic mail is automatically purged after 6 months. Although electronic mail is password protected, an authorized administrator can access electronic mail accounts.
- 3) Internet Use: Internet sites visited, the number of times visited, and the total time connected to each site is recorded and periodically monitored.
- 4) Data from GPS Devices (or other similar tracking devices): Location of Company vehicles.

iv. Deleted Information

Deleting or erasing information, documents, or messages maintained on Southern's Technology Resources is, in most cases, ineffective. All employees should understand that any information kept on Southern's Technology Resources may be electronically recalled or recreated regardless of whether it may have been "deleted" or "erased" by an employee. Because Southern periodically backs up all files and messages, and because of the way in which computers re-use file storage space, files and messages may exist that are thought to have been deleted or erased. Employees who delete or erase information or messages should not assume that such information or messages are confidential. However, once electronic mail is purged from our system (per section VI(J)(iii)(2) above), it cannot be recalled or recreated.

K. The Internet and Online Services

i. Online Services

Southern provides authorized employees access to online services such as the Internet. Southern expects that employees will use these services in a responsible way and for business-related purposes only. Under no circumstances are employees permitted to use Southern's Technology Resources to access, download, or contribute to the following:

- 1) gross, indecent, obscene, or sexually-oriented materials;
- 2) sports sites;
- 3) job search sites;
- 4) entertainment sites (including MP3 or streaming media sites);
- 5) cult sites;
- 6) gambling sites;
- 7) dating sites;
- 8) games;
- 9) humor;
- 10) illegal drug oriented sites;

- 11) personal pages or web logs ("blogs") of individuals (unless work-related and used for the purpose of conducting Southern's business); and
- 12) politically oriented sites or sites devoted to influencing the course of legislation or public policy.

In order to ensure compliance with this policy and control user access to external Internet resources, Southern has installed software to selectively restrict access to the above sites. Additionally, employees must not sign "guest books" at Web sites or post messages to Internet news groups or discussion groups at Web sites. These actions will generate junk electronic mail and may expose Southern to liability or unwanted attention because of comments that employees may make. Southern strongly encourages employees who wish to access the Internet for non-work-related activities to get their own personal Internet access accounts on their home computers.

ii. Confidentiality

Some of Southern's information to which employees are permitted access is confidential. Employees should avoid sending confidential information over the Internet. Please refer to Southern's Confidential, Proprietary and Trade Secret Information Policy. Employees also should verify electronic mail addresses before transmitting any messages.

iii. Monitoring

Southern may monitor both the amount of time spent using on-line services and the sites visited by individual employees. Southern reserves the right to limit such access by any means available to it, including revoking access altogether.

L. Software Use License Restrictions

All software in use on Southern's Technology Resources is officially licensed software. No software is to be installed or used that has not been duly paid for and licensed appropriately for the use to which it is being put (no employee may load any software on Southern's computers) and without specific approval of Southern's IT Director.

M. Confidential Information

Southern is very sensitive to the issue of protection of trade secrets and other confidential and proprietary information of both Southern and third parties ("Confidential Information"). Therefore, employees are expected to use good judgment and to adhere to the highest ethical standards when using or transmitting Confidential Information on Southern's Technology Resources. Please refer to Southern's Confidential, Proprietary and Trade Secret Information Policy.

Confidential Information should not be accessed through Southern's Technology Resources in the presence of unauthorized individuals. Similarly, Confidential Information should not be left visible or unattended. Moreover, any Confidential Information transmitted via Technology Resources outside of Southern will automatically be marked with the following confidentiality legend: "This message is the property of Southern Wine & Spirits or its affiliates. It is intended only for the use of the individual or entity to which it is addressed and may contain information that is non-public,

proprietary, privileged, confidential, and exempt from disclosure under applicable law or may constitute as attorney work product. If you are not the intended recipient, you are hereby notified that any use, dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, notify us immediately by telephone and (i) destroy this message if a facsimile or (ii) delete this message immediately if this is an electronic communication. Thank you.”

N. Software For Home Use

Southern endeavors to license its software so that it may be used on portable computers and home computers in addition to office computers. Before transferring or copying any software from a Southern Technology Resource to another computer, employees must request permission and receive written authorization from the senior operations executive.

O. Security

Southern has installed a variety of programs and devices to ensure the safety and security of Southern’s Technology Resources. Any employee found tampering or disabling any of Southern’s security devices will be subject to discipline up to and including termination.

P. Audits

Southern may perform auditing activity or monitoring to determine compliance with these policies. Audits of software and data stored on Southern’s Technology Resources may be conducted without warning at any time.

Q. Policy Revisions

Southern reserves the right to modify this policy as needed or required by law, at any time.

20. SOCIAL MEDIA POLICY

Southern recognizes that social media sites, such as Facebook, Twitter, MySpace, LinkedIn, web logs (blogs), Wikipedia, online group discussions, text messaging, message boards, chat rooms, etc., provide a unique opportunity for employees to participate, personally as well as for business purposes, in interactive discussions and share information on particular topics. Southern also understands how the use of such social media sites and blogs can shape the way the public views our business, products, employees, vendors, partners and customers.

While Southern respects the right of its employee to communicate through social media, the Company maintains this social media policy to ensure that the use of such communications serves the needs of our business by maintaining Southern’s identity, integrity and reputation in a manner consistent with our values and polices. In addition, Southern has established the following rules and guidelines for communicating Company-related information via social media sites, whether used in or outside the workplace, in order to ensure that Southern’s Technology Resources are used only for appropriate business purposes and to avoid loss of productivity and distraction from employees’ job performance.

Technology Resources consist of all electronic devices, software, and means of electronic communication including, but not limited to the following: personal computers and workstations; laptop computers; phones; PDA's; tablets; mini and mainframe computers; computer hardware such as disk drives, USB/zip/flash/jump drives; and tape drives; peripheral equipment such as printers, modems, fax machines, and copiers; computer software applications, "cloud" based solutions and associated files and data, including software that grants access to external services, such as the Internet; electronic mail; telephones; cellular phones; pagers; and voicemail systems.

Whether or not you chose to engage in online social media sites is your personal decision. However, if you choose to participate in such activities whether at work or on your own time, it is important that you understand and follow this policy as well as comply with Southern's Employee Conduct Rules and corporate policies on Alcohol Responsibility, Anti-Harassment, Anti-Discrimination, Technology Use and Privacy, Internet and Online Services, Confidential, Proprietary and Trade Secret Information, and Work Rules. Accordingly, if you are unsure of your activities, or when in doubt, seek guidance before posting!

A. Scope

This policy applies to all Southern employees. References to "social media" includes all forms of public, web-based communication, whether existing at the time of this policy's adoption or created at a future date, including but not limited to the following:

- i. Social networking sites (e.g., Facebook, MySpace, Friendster, LinkedIn)
- ii. Video and photo sharing websites (e.g., Flickr, YouTube)
- iii. Micro-blogging sites (e.g., Twitter)
- iv. Blogs (e.g., corporate blogs, personal blogs, media-hosted blogs)
- v. Forums and discussion boards (e.g., Yahoo! groups, Google groups)
- vi. Collaborative publishing (e.g., Wikipedia)

If an employee is unsure about whether a platform or tool he or she is using constitutes as social media and is therefore covered by this policy, he or she should contact the Director of Corporate Digital Communications or your Human Resources Department.

This policy contains general guidelines for employee participation in social media and online communications. Employees are expected to use good judgment and to ask questions if they need clarification on any of these guidelines.

B. Personal Use of Social Media

Southern respects the right of employees to use social media sites including personal websites, blogs, wikis, social networks such as Facebook, online forums, virtual worlds, and any other kind of social media during their personal time. An employee's incidental personal use of social media during Company time or on the Company's Technology Resources is permitted so long as such use does not interfere with the employee's duties, is not done for financial gain, does not conflict with Southern's business, is not disruptive, offensive or harmful to others in the workplace, and does not violate any Southern policy, including Southern's Technology Use and Privacy Policy. In general, employees who participate in social media are free to publish personal information without censorship by the

Company. Employees must avoid, however, posting information that could harm the Company, using the guidelines set forth herein.

C. Business Use of Social Media

Employees must obtain written authorization before engaging in social media activities or commenting on behalf of Southern about Southern's services or products, conducting any marketing activities, engaging in any public relations matters, recruitment, corporate communications or any other business purposes, on blogs or any social media sites. Any employee authorized to engage in social media or blogging on behalf of Southern must carefully review and follow the guidelines set forth below.

If your job duties require you to speak on behalf of Southern in a social media environment, you must still seek approval for such communication from your direct supervisor. Likewise, if you are contacted for comment on behalf of Southern for publication, including in any social media outlet, direct the inquiry to the Director of Corporate Digital Communications and do not respond without written approval. Employees engaged in blogging, tweeting or other online networking for legitimate business purposes are responsible for complying with all Company policies including those set forth herein.

Southern is committed to ensuring that employees participate in such activities in a way that is positive and professional. All employees are responsible for maintaining Southern's positive reputation and under no circumstances should employees present the Company to the public in a manner that diminishes its standing within the industry. Instead, employees are responsible for presenting the Company in a manner that safeguards the positive reputation of themselves, as well as the Company's employees, managers and shareholders.

D. Guidelines for Social Media Use

If an employee chooses to identify him or herself as a Southern employee on any social media site, he or she must adhere to the following:

- i. Employees are required to state in clear terms that the views expressed on any social media site regarding products or services provided by Southern or its business partners or affiliates are the employee's alone and that they do not necessarily reflect the views of Southern.
- ii. Consider Your Audience. Your readers include current suppliers, potential suppliers, customers, potential consumers, and wine/spirits enthusiasts, as well as current/past/future employees. Consider the "what" (content/meaning) of your messaging before you publish it, and make sure you are not alienating any of those groups. You must also consider the "how" of your communications and whether they will be perceived as a representation of Southern and our products and brands by individuals outside the Company.
- iii. Employees are prohibited from disclosing information on any social media site that is confidential or proprietary to Southern or to a third party that has disclosed information to the Company. For example, information about or identifying the Company's customers, co-workers, incidents that occur at Southern or Southern-sponsored events, or information that may be valuable to a competitor including specific product information or pricing must not

- be disclosed. All other Company rules and policies regarding disclosure of sensitive, proprietary, financial or confidential information apply in full to all social media sites and blogs. This includes, but is not limited to, information about trademarks, upcoming product releases, company finances, company strategies and other information not previously publicly released by Southern.
- iv. To protect yourself and Southern against liability for copyright infringement, where appropriate, reference sources of particular information you post or upload and cite them accurately. If you have any questions about whether a particular post or upload might violate the copyright or trademark of any person or company, ask our General Counsel before making the communication.
 - v. Employees are prohibited from displaying Southern's logo on any social media site without express written permission from the Company. Also, employees should not post images of co-workers without the co-workers' written consent. Finally, employees are prohibited from posting any nonpublic images of Southern's premises and property.
 - vi. Exercise Good Judgment. Employees are prohibited from making statements about Southern, their coworkers, our customers, suppliers, competitors, agents, or partners that are knowingly false or could be considered as harassing, discriminatory, threatening, libelous, or defamatory in any way.
 - vii. All other Company rules and policies regarding discrimination and harassment apply in full force to blogs and social media sites. Southern is firmly committed to its equal employment opportunity policies and does not condone or tolerate discrimination. Southern also prohibits all forms of unlawful harassment. Employees are prohibited from engaging in any conduct, activities, communication or postings which violate Company policies regarding discrimination and harassment. No messages with derogatory or inflammatory remarks about any legally protected characteristic shall be transmitted or retrieved. Any conduct which is impermissible under the law if expressed in any other form or forum is also impermissible if expressed through social media sites, blogs, text messages or other electronic means.
 - viii. Employees are prohibited from sharing any communication that engages in personal or sexual harassment, unfounded accusations, or remarks that would contribute to a hostile work environment (racial, sexual, religious, etc.).
 - ix. Employees are prohibited from acting as a spokesperson for Southern or posting comments as a representative of Southern without written authorization from the Company.
 - x. Employees are not to advertise or sell any of Southern's products or services on any website or social media site.
 - xi. All of Southern's other policies that might apply to use of social media remain in full force and effect. Employees should always adhere to them when using social media. In particular, the following policies and rules should be kept in mind:

- 1) Anti-Harassment Policy

- 2) Technology Use and Privacy Policy, including Internet and Online Services policy
 - 3) Confidential, Proprietary and Trade Secret Information Policy
 - 4) Southern's Work Rules
 - 5) Ethical Concerns and Standards Policy
- xii. Social Media should never be used in a way that violates any other Company policies or employee obligations. For example, employees are prohibited from using social media to:
- 1) Harass other employees, customers, suppliers, or vendors in any way.
 - 2) Defame or disparage Southern or its affiliates, customers, clients, business partners, suppliers, vendors or other stakeholders.
 - 3) Circumvent policies prohibiting unlawful discrimination against current employees or applicants for employment.
 - 4) Circumvent Southern's Ethical Concerns and Standards Policy.
- xiii. When in doubt, ask, don't post. Ultimately, what you publish is yours as is the responsibility. So, be sure.

E. No Expectation of Privacy

All contents of Southern's Technology Resources are the property of the Company. Therefore, employees should have no expectation of privacy whatsoever in any message, file, data, document, facsimile, telephone conversation, social media post, conversation or message, or any other kind of information or communications transmitted to, received or printed from, or stored or recorded on the Company's electronic information and communications systems.

You are expressly advised that in order to prevent misuse, Southern reserves the right to monitor, intercept and review, without further notice, every employee's activities using the Company's Technology Resources, including but not limited to social media postings and activities, and you consent to such monitoring by your acknowledgement of this policy and your use of such resources and systems. This might include, without limitation, the monitoring, intercepting, accessing, recording, disclosing, inspecting, reviewing, retrieving and printing of transactions, messages, communications, postings, log-ins, and other uses of the systems as well as keystroke capturing and other network monitoring technologies.

The Company may also store copies of such data or communications for a period of time after they are created, and may delete such copies from time to time without notice.

Do not use the Company's Technology Resources for any matter that you desire to be kept private or confidential from the Company.

Employees who participate in social media may still decide to include information about their work at Southern as part of their personal profile, as it would relate to a typical social conversation. This may include:

- i. Work information included in a personal profile, to include company name, job title, and job duties.
- ii. Status updates regarding an employee's own job promotion.

iii. Personal participation in company sponsored events, including volunteer activities.

Anything posted on an employee's website or blog or other Internet content for which the employee is responsible will be subject to all Southern policies, rules, regulations, and guidelines.

If an employee believes that a blog or other online communication violates any Company policy, the employee should immediately report the blog or online communication to the Director of Corporate Digital Communications or to your Human Resources Department. Southern may investigate the matter, determine whether the blog, posting, website, or communication violates Company policies and take appropriate action. Employees should contact the Director of Corporate Digital Communications or to your Human Resources Department if they encounter incorrect or misleading information about Southern that might appear online. Employees themselves should not attempt to correct any such information that appears online.

This section is in no way intended to restrict employees' rights as outlined in Section VI(20)(H), below.

F. Violation of Policy

An employee who is responsible for a social media posting that fails to comply with the guidelines set forth in this policy or that otherwise causes harm to Southern as a result of such posting may be subject to discipline, up to and including termination. Employees will be held responsible for the disclosure, whether intentional or inadvertent, of confidential and proprietary company information, information that violates the privacy rights or other rights of a third party or the content of anything posted on any social media site. Further, employees may be liable for monetary damages for such disclosure. Additionally, violations of this policy may result in criminal prosecution, reimbursement of expenses incurred by the Company as a result of the violation and additional legal action.

G. Employment and Background Checks

This policy also applies to activities undertaken by Southern employees in connection with hiring or promotions. Employees and managers are prohibited from using the internet to conduct their own online background checks of any candidate for employment or promotion without the express authorization from Human Resources. In this regard, employees and managers shall not access an applicant's personal web page (e.g. Facebook, MySpace, Google+, LinkedIn, etc.) to review the applicant's online activities, nor shall the manager or any employee use false information or someone else's login information to access such information. Employees shall not use social media websites to recommend or provide a reference to other employees or former employees of Southern. Any violation of this provision may result in discipline, up to and including termination. Questions regarding this provision should be directed to Human Resources.

H. Employee Rights

This policy is not intended to restrict an employee's right to discuss wages and working conditions with coworkers or in any way limit employees' rights under the National Labor Relations Act. In addition, **nothing in this policy is intended to abridge or infringe upon employees' rights under Section 7 of the National Labor Relations Act.**

21. USE OF COMMUNICATION DEVICE WHILE DRIVING POLICY

To protect the safety of our employees, pedestrians, other drivers, and the general public, all Southern employees are prohibited from using a communication device while operating a motor vehicle. This includes:

- i. Calling
- ii. Texting
- iii. Listening
- iv. Talking
- v. Messaging
- vi. Any other form of communication using a communication device

For purposes of this policy, a “communication device” is any remote wired or wireless communication device, regardless of whether integrated or not into the vehicle. This policy does not prohibit “hands-free” communication, but only if (1) the communication device is specifically designed and configured for hands-free operation, and (2) the device is used in that manner as suggested or recommended by its manufacturer. **TEXTING OR MESSAGING IS STRICTLY PROHIBITED WHILE OPERATING A MOTOR VEHICLE.** The Company will follow any subsequent or ancillary state, federal or local rules and regulations with respect to use of a communication device while driving. This policy applies during regular business hours and any other time that an employee is working for Southern, regardless whether the vehicle is owned by Southern, the employee, or any third party and regardless of whether the vehicle is a private passenger vehicle, commercial motor vehicle, or any other vehicle that is driven for Company business. Furthermore, this policy applies regardless whether the communication device is owned by Southern or the employee, regardless whether the device is being used for business or personal reasons, and regardless of local law or ordinance.

In the event an employee cannot use the communication device in the required manner, the employee should pull off the road and park in a safe and legal location in order to use the device. This policy is not intended to affect the use of a communication device for emergency purposes, including emergency calls to a law enforcement agency, fire department, or any other emergency services agency or entity. In addition, nothing in this policy is intended to supersede any federal, state, or local law prohibiting use of communications devices.

22. SALESPERSON POLICIES

Salespersons are a vital part of the Southern team. In order to ensure the maximum sales effort and present the best company image to our customers, the following policies have been established:

- a) A salesperson must call on all assigned accounts on a regular basis including multiple accounts.
- b) A salesperson must be aware of and observe all rules and regulations put forth by the BATF, ABC and any state liquor control board.
- c) A salesperson must maintain minimum quota standards as established by management and meet other sales criteria established by management.
- d) A salesperson must give a receipt for cash.
- e) A salesperson must turn in or mail all collections on the day they are collected.
- f) A salesperson must carry a sample case and other required material into every account.

- g) A salesperson must submit timely reports as required by management.
- h) A salesperson must keep route books current.
- i) A salesperson must maintain telephone contact with the office as required by management.
- j) A salesperson must know company products, discounts, etc., and keep abreast of the competition.
- k) A salesperson as required must expose products to all accounts through meaningful presentations, including the use of samples as directed by management.
- l) A salesperson must follow company procedures regarding picking up unsalable merchandise from accounts, and returning replacements to the customer.
- m) A salesperson must call their voicemail as required by the Company.
- n) A salesperson is responsible for all company equipment and property assigned to him or her or in his or her custody and care.
- o) A salesperson must not conduct personal business or any other employer's business during working hours.
- p) A salesperson must not engage in soliciting funds or property during working hours or on company premises.
- q) A salesperson must be alert and attentive at all company meetings, either on or off premises.
- r) A salesperson must have Southern listed as "ADDITIONAL INSURED," or "ADDITIONAL INTEREST" on his or her personal automobile insurance policy and must maintain at least \$100,000/\$300,000/\$50,000 in automobile insurance liability and property coverage at all times.
- s) A salesperson must immediately notify Southern in writing of any changes in insurance and shall furnish Southern with a copy of a certificate of insurance coverage naming Southern as "additional insured" or "additional interest" on or before any expiration or cancellation of said insurance. If the salesperson fails to fully satisfy these requirements, or if a salesperson becomes uninsurable, as defined by the insurance carrier, the salesperson shall be placed on suspension without pay immediately. If the salesperson fails to submit a copy of an acceptable certificate of insurance and insurance coverage with Southern named as additional insured or additional interest within seven (7) days thereafter, he/she shall be terminated from his/her employment.
- t) Salespersons must possess a valid driver's license as is required by law to operate a motor vehicle. In the event that a salesperson's driver's license is revoked or suspended for any reason, he/she must notify Southern immediately. In addition, any salesperson must immediately notify Southern after receiving a DUI, DWI, or other similar or related driving citation.
- u) The appropriate commission due on the sale of "Futures" will stay with the territory and the salesperson assigned to the account at the time of delivery/billing of the product.
- v) Salespersons are required to sign the invoice when product is picked up from the warehouse, and he/she must obtain proof of delivery from the customer when the product is delivered. The invoice signed by the customer must be returned to the respective branch where the product was picked up, either by return mail or in person. Failure to comply with this policy could subject the individual to the financial responsibility for the full amount of the invoice and disciplinary action up to and including termination.
- w) A salesperson must permit their supervisor, manager or anyone in their direct line of supervision to accompany them on their sales route to perform a "ride with" in order to be able to evaluate their job performance.

- x) Salespersons involved in a vehicle accident while on company business must immediately report the accident to Human Resources as well as his/her personal vehicle insurance carrier.

23. DRIVER POLICIES

Drivers are integral members of the Southern team. To ensure our customers' safe, efficient and courteous service, the following driver policies have been established:

- a) Drivers must not allow unauthorized passengers in any Southern vehicle.
- b) Drivers must lock their trucks, except for loading or unloading periods and may not leave their keys in the truck after leaving Southern's premises.
- c) Drivers may not leave assigned route for personal business or any other employers' business without prior approval of management.
- d) Drivers may not refuse a stop or a run for the day.
- e) Drivers must wear or utilize all required safety equipment including but not limited to seat belts, lifting belts and safety shoes.
- f) Drivers must immediately call their supervisors in case of any emergency or accident.
- g) Drivers must complete a pre-trip and post-trip inspection of their vehicles daily and report all equipment problems to their supervisors at the end of each workday or prior to the start of a shift if a problem exists that would prevent the safe operation of a vehicle.
- h) Drivers are responsible for obtaining a legible customer signature on each electronic and/or similar document and/or printing the customer's name legibly themselves on each invoice or similar electronic document at the time of delivery. Drivers must also count and check the number of bottles and cases for each delivery and initial each such invoice or electronic document to indicate same.
- i) Drivers must have the warehouse checkers sign all incoming returns.
- j) Drivers that are delayed more than fifteen (15) minutes at a stop must contact the dispatcher or proper party at their location.
- k) When parked on an incline and/or loading dock, a driver must chock the wheels of his or her truck, if applicable and/or available.
- l) Drivers must not flag or mark a stop closed without attempting delivery.
- m) Drivers completing the day's assignment before regular quitting time must check with management before leaving premises.
- n) Drivers must follow any special instructions listed on the invoice.
- o) Drivers must notify the warehouse or distribution manager of any customer complaints when making a delivery.
- p) Drivers who become uninsurable are subject to termination.
- q) Drivers must possess a valid driver's license as is required by law to operate a motor vehicle. In the event that a driver's license is revoked or suspended for any reason, he/she must notify Southern immediately. In addition, any driver must immediately notify Southern after receiving a DUI, DWI, or other similar or related driving citation. Failure to immediately notify Southern of the forgoing will subject the driver to immediate disciplinary action, up to and including termination. Such driver will be placed on leave of absence without pay for a period not to exceed thirty (30) days unless or until: (1) he/she obtains a valid driver's license; (2) the suspension is lifted; and/or (3) he/she otherwise meets the requirements for returning to work under Southern's DUI/DWI Policy.

- r) A citation is not required in order to initiate drug/alcohol testing in any driving accident. In addition, an accident for post-accident testing purposes is defined as any occurrence of property damage. An employee who is intoxicated or under the influence of drugs (as determined by post-accident testing) while driving a company vehicle will not receive a one-time opportunity for rehabilitation. The employee will be terminated.
- s) Drivers are only permitted in designated areas of the warehouse away from the loading docks.
- t) Drivers must adhere to all DOT rules and regulations including CSA 2010 (the DOT's Compliance, Safety and Accountability Program).
- u) Drivers must complete their DOT re-certifications at least 21 days prior to the expiration of their medical card.
- v) Drivers must maintain a neat and clean appearance, and wear required uniforms, if applicable.
- w) Drivers must ensure that the truck is loaded properly before moving the truck and that they have a load bar, hand truck and door locks.
- x) Drivers must treat all customers in a polite and professional manner.

24. WAREHOUSE POLICIES

Warehouse employees are a critical part of the Southern team. To assist them in performing their work safely, efficiently and competently, the following policies have been established:

- a) Access to the warehouse is restricted only to employees whose job duties require such access.
- b) When driving a forklift with any load, the operator should always drive backwards; driving forward without a load is acceptable. Operator must wear the equipment seatbelt.
- c) Reach fork equipment must be driven backwards at all times.
- d) Order pickers must be driven forward and operator must wear the required harness and be hooked to the unit with a tether.
- e) No product is to leave the premises without an invoice or proper written authorization.
- f) Employees are responsible for reporting all breakage.
- g) Warehouse employees shall wear safety apparel and equipment at all times (e.g. seatbelts, safety glasses, safety shoes, etc.) and as directed by management and/or required by state and federal regulations.
- h) Employees must adhere to proper warehouse sanitation and organization standards, as published by the Company.
- i) Employees must immediately call their supervisors in case of any injury, emergency or accident that occurs while on company premises or while on duty.
- j) All machine operators are required to sign out for their machines daily as well as complete a machine checklist sheet.
- k) RF scan guns must be signed out daily.
- l) Warehouse employees are expected to maintain a clean and neat work area.
- m) Conveyor line workers must make sure that product put on the conveyor is in good condition and properly taped and placed in bins as required.
- n) When punching in, employees must be ready to work.
- o) Each employee is provided an employee badge which provides access to specific areas of the warehouse in which they are required to perform work. Access is individually assigned

- to each employee and employees should not be outside of those designated work areas without permission.
- p) Voice Pick equipment (headsets and voice units) are issued to employees at the beginning of each shift and turned in at the end of the shift. They must be stored in the cabinets provided and not in employee lockers. Radios used by Supervisors, Leads and other Southern employees must be returned to their chargers at the end of the shift and not kept in employee lockers.
 - q) Before entering a truck or trailer with any equipment to load or unload product (forklift, pallet jack, etc.) employees must verify that the truck tires are chocked.
 - r) Employees are required to immediately report any equipment problems or other potential safety problems with equipment and/or the warehouse to a supervisor or manager.
 - s) Employees are not permitted to operate equipment that has been tagged for repair until the repairs are completed and the unit cleared for use by the maintenance department.
 - t) All accidents or incidents which result in an employee injury or damage to product, equipment, or property must be immediately reported to a supervisor or manager.
 - u) Any damage observed during receiving process must be properly recorded, reported and corrected before the product is put into a stocking location.
 - v) All product breakage must be immediately cleaned up to prevent further damage to unbroken product and to maintain a safe working environment. Broken product must be taken to a supervisor or manager for handling.
 - w) All received and returned product must be properly checked in to verify quantity, brand, size and vintage if applicable.
 - x) Theft of product, property (whether belonging to the Company or another employee), or time will not be tolerated and is cause for immediate termination.
 - y) Personal electronic devices (cell phone, music players, etc.) may not be used while working and are not permitted in the warehouse. These items may be kept in lockers and used during breaks and meal breaks.
 - z) Employees are not permitted to take any food or drink into the warehouse.
 - aa) Common areas including break rooms and bathrooms are for the use of all employees and should be kept clean and functional. A custodial staff is provided for general cleaning; however, employees are expected to participate by placing all trash in the proper locations and cleaning up any spills that they cause. Maintenance issues should be reported to a supervisor.
 - bb) Employees may not use machinery unless certified by the Safety Director.

25. SOUTHERN'S WORK RULES

The orderly and efficient operation of Southern requires that employees maintain discipline and proper personal standards of conduct at all times. Discipline and proper standards of conduct are necessary to protect the health and safety of all employees, to maintain uninterrupted service, production and jobs, and to protect Southern's goodwill and property.

For this reason, Southern sets forth below its established work rules which, together with observing all other proper standards of conduct, Southern employees are required to obey.

An employee who fails to maintain at all times proper standards of conduct or who violates any of the following work rules shall be subject to disciplinary action, up to and including termination.

- a) An employee may not steal, or attempt to steal or misappropriate property of fellow employees, customers, visitors, or Southern, or property in Southern's custody or control.
- b) Employees may not be insubordinate (including refusal to cooperate in any internal investigation).
- c) Employees may not engage in fighting, horseplay, or professional gambling on Southern's premises.
- d) Employees may not engage in immoral conduct, including the wearing of apparel not appropriate to the work environment.
- e) An employee may not violate the rules or regulations of the Alcoholic Beverage Control Department or applicable federal, state or county statutes or municipal ordinances.
- f) An employee may not consume any alcoholic beverage on Southern's premises without permission of Southern.
- g) An employee may not use, sell, trade or consume any controlled substance or similar substance on Southern's premises, or while representing Southern, at any time.
- h) Use of or being under the influence of alcohol and/or any controlled substance while on the job will subject the employee to disciplinary action up to and including termination
- i) An employee may not possess firearms or weapons of any kind, including explosives, in or on Southern's premises, property, or while representing Southern.
- j) An employee may not photograph or record Southern property or personnel without Southern's permission.
- k) Driving position employees must possess a valid driver's license as required by law to operate a motor vehicle. Driving position employees include drivers, salespersons, and any employee, who drives on company business, operates a vehicle owned or licensed by Southern, or who otherwise operates motor vehicles as part of their normal work duties. In the event that a driving position employee's driver's license is revoked or suspended for any reason, he/she must notify Southern immediately, and must not drive on Company business. In addition, any driving position employee must immediately notify Southern after receiving a DUI, DWI, or other similar or related driving citation. Failure to immediately notify Southern of the foregoing will subject the driving position employee to immediate disciplinary action, up to and including termination. Such driving position employee may be placed on leave of absence without pay for a period not to exceed thirty (30) days unless or until: (1) he/she obtains a valid driver's license; (2) the suspension is lifted; (3) he/she can make alternative arrangements to service his/her accounts that are acceptable to Southern; and/or (4) he/she otherwise meets the requirements for returning to work under Southern's DUI/DWI Policy.
- l) Driving position employees (other than drivers included in Section VI.23 above) who become uninsurable will be placed on a non-disciplinary unpaid suspension until the requisite insurance coverage is obtained. If the driving position employee is suspended for one (1) month without providing proof of insurability, he/she is subject to discharge. Southern will endeavor to place the driving position employee back into a position comparable to the employee's position prior to the suspension when the required insurance coverage is obtained. If such comparable position is not available, he or she will be placed in an open position at that time, if any such position is available. If no such position is available, the driving position employee will be placed on a recall list for a period of one (1) month.
- m) An employee must not make, circulate, or publish false, derogatory, contemptuous, disparaging or vicious statements or remarks concerning any employee, customer, supervisor, visitor, Southern, its suppliers or its products.

- n) An employee must not loiter, distract the attention of others or cause confusion by unnecessary shouting, catcalls, abusive or foul language against fellow employees, customers, visitors or supervisors, or demonstrations of any kind.
- o) An employee must meet equitable productivity standards.
- p) An employee must not allow repeated garnishments except where protected by law.
- q) An employee must be efficient, attentive, and may not neglect the performance of job duties and responsibilities.
- r) An employee is responsible for all Southern tools, equipment, and property assigned to or in his or her custody and must ensure that it is not destroyed, abused, misused, or lost.
- s) Employees must not withhold Southern funds or use them in an unauthorized manner.
- t) Employees shall not permit unauthorized persons on Southern's premises.
- u) Employees should make and receive personal telephone calls only during break and lunch periods.
- v) An employee shall not post or remove notices, signs or writings in any form on Southern property without permission from management.
- w) An employee shall not give false information or falsify any reports or records, including personnel, absence, injury, accident, insurance, workers' compensation, attendance or work records.
- x) An employee shall immediately notify the Human Resources Department in writing of any changes in his or her address, telephone number, immigration status, or other employment-related status.
- y) An employee shall not sleep during work hours.
- z) An employee should not engage in any conduct at or related to work that is injurious to a customer, visitor, and his /her fellow employees or to Southern.
- aa) Employees must be at their appointed work places ready to work at the designated starting time, complete his or her assigned shift without interruption, and shall remain at such work places and at work until the designated quitting time.
- bb) Employees shall not gather on Southern's premises or conduct any personal business during working hours.
- cc) Smoking is prohibited inside the buildings and in all company owned, leased, rented or operated vehicles.
- dd) Carelessly handling or throwing matches, lighted tobacco, or littering the premises or work areas is prohibited.
- ee) An employee must not violate any safety rules or practices or engage in any conduct that creates a safety hazard.
- ff) An employee must not remove from Southern's premises, without proper written authorization, Southern property, records, or other material.
- gg) Unauthorized or unexcused absences are prohibited.
- hh) Unlawful or improper conduct off Southern premises which affects the employee's relationship to his or her job, his or her fellow employees, supervisors, customers, visitors, or Southern's products, property, reputation or goodwill in the community is prohibited.
- ii) If an employee is unable to report for or perform work due to illness or other justifiable cause, he or she must report his or her expected absence and give the reasons for his or her inability to work to his or her supervisor.
- jj) An employee shall use only the parking facility designated for his or her use.
- kk) An employee shall not restrict production of or interfere with others in the performance of their jobs or engage or participate in any interruption of work or production.
- ll) An employee shall not cause waste.

- mm) An employee must report for and remain at work at all times in a fit physical and mental condition.
- nn) An employee must be available to and report for work as scheduled and for overtime work as required or assigned.
- oo) An employee must not use profane or abusive language.
- pp) Only authorized personnel will be permitted in the warehouse.
- qq) Employees are responsible for keeping all eating areas and kitchen areas clean during their own shifts.
- rr) An employee must immediately notify Southern of any accident or property damage to Southern property and submit reports as required by management.
- ss) All employees must immediately report any injuries to their supervisor.
- tt) Employees must not sell or redistribute Point of Sale ("POS") materials. POS materials are the property of Southern and/or Southern's suppliers, and it is a violation of Southern policy to sell or otherwise redistribute POS materials other than to intended recipients.
- uu) Employees must leave and return from breaks and lunch periods at the proper times.
- vv) Managers and supervisors of employee's who participate in social events with their employees, whether for a single or extended stay event, are responsible for leading and guiding their attendees appropriately. Any lack of supervision or guidance may subject the manager or supervisor to progressive discipline up to and including termination of employment.

The foregoing rules are not intended to be all inclusive of the required discipline, proper standards of conduct or obligations of employees which employees must observe at all times.

VII. TIME OFF

1. VACATION

A. Purpose of Vacation

Vacations are granted to permit those who have completed the required length of service with Southern to secure rest and relaxation from their work. For this reason, Southern wants you to take your vacation each year.

B. Amount of Benefits

Southern provides eligible employees vacation benefits in order to promote rest and relaxation away from work. Employees earn vacation pay on a daily basis. Vacation begins to accrue from your first day of employment. Employees will be entitled to utilize vacation only after it has been earned and made available to them unless otherwise provided by applicable law. No vacation may be taken until completion of one year of service.

The longer you work for Southern, the greater your vacation accrual rate. These accrual rates as well as when you can begin to take vacation are outlined in Appendix B.

Vacation will continue to accrue for the first thirty (30) days of an approved leave of absence, but not thereafter.

Vacation time will be paid at the employee's regular straight time rate or base compensation in effect when the vacation is taken.

C. Use of Vacation

Whenever possible, vacations will be scheduled at the mutual convenience of the employee and Southern. Vacations will be scheduled by Southern based on the needs of the business, when the request was made, and the length of service of the employees. Ordinarily, because of the needs of the business, no vacations will be scheduled during October through December unless authorized in advance by your supervisor. Please note that the Metro offices observe industry shut down, which are the last two full weeks of July, vacation time needs to be scheduled during this time.

Southern strongly believes that our employees need to take their vacations each year as a reward for their hard work. Therefore, we will schedule an employee's vacation if the employee fails to schedule his or her own vacation. Employees may not receive pay in lieu of taking vacation. Additionally, vacation may not be taken until it is earned (e.g. no advances of vacation time).

D. Payment Upon Separation

All vacation pay that has been accrued but not used will be paid at the time of resignation or termination, at the employee's then existing rate of pay.

2. PAID TIME OFF (PTO)

The purpose of Company-paid time off is to protect the employee's income in the event of illness.

Newly hired employees will be eligible for PTO after successfully completing 90 days of employment. Employees will be entitled to utilize PTO only after it has been earned and made available to them and only up to the amount of PTO actually accrued.

For PTO accrual rates and other pertinent information, refer to Appendix B.

Employees must contact their immediate supervisor as soon as possible when they know that they will be absent from work due to illness. In turn, the supervisor must notify the appropriate administrative person(s).

Employees who are absent due to personal illness for more than 3 consecutive work days will be required to provide an attending physician's certificate of illness.

3. HOLIDAYS

In addition to vacations, Southern employees may observe and be paid for certain designated holidays at straight time pay if the holiday is not worked, or, for hourly employees only, at double time if the employee works the holiday (e.g., if an employee works the holiday, he/she gets paid for the holiday and for working that day, or a total of double pay).

For the list of holidays that are observed by Southern, refer to Appendix B.

In order to be eligible for holiday pay, a non-exempt, hourly employee must work the last regularly scheduled shift before and the first regularly scheduled shift after the holiday. If an employee is on a Leave of Absence either on the last regularly scheduled shift before and/or the first regularly scheduled shift after the holiday, the employee is not eligible for holiday pay. If a holiday falls during an employee's approved vacation, the employee will be paid for the holiday and the day will not be counted as a vacation day. If a holiday falls on a Saturday or Sunday, based on the needs of the business, the Company will either close the Friday before or the Monday after, or the employee will be given a floating holiday to be taken within 90 days.

Union employees should consult their Collective Bargaining Agreement for guidelines on paid holidays.

4. LEAVES OF ABSENCE

A. General

Southern grants leaves of absence to all eligible employees on a non-discriminatory basis. Leaves of absence will be considered in cases of (i) occupational disabilities; (ii) personal emergencies; (iii) funeral leave; (iv) family and medical leave; or (v) other legally required absences. Unless specifically provided otherwise, all leaves of absence are available only on an unpaid basis.

Following the orientation period (as defined in Section C), all employees are eligible for leaves of absence, except the Family and Medical Leave (see Section VII(4)(C)(iv)). In addition, employees

are eligible for a leave of absence before completing their orientation period where required by state or federal law.

Employees should contact Human Resources initially to request permission to take or extend a leave of absence, but should not actually take or extend such leave until they receive written approval from Southern to do so.

If an employee accepts other employment during a leave of absence the employee will be considered to have voluntarily terminated his or her employment.

B. Accrual of Seniority and Benefits

Employees will continue to accrue all vacation and sick leave benefits during the first 30 calendar days of an approved leave. However, no such benefits will accrue after 30 calendar days if the employee is still on leave of absence. Employees on leave do not receive holiday pay.

Employees receiving group medical and dental benefits under a company-sponsored plan will continue to receive group medical/dental benefits during the first 30 calendar days of an approved leave, unless a longer period is required by law. If the employee is still on leave of absence after 30 calendar days, the employee will be sent a notice of the employee's right to continue group coverage at his or her own expense under the federal COBRA law. When the employee returns to work, Southern will reinstate the employee's group medical/dental coverage without the employee having to fulfill any waiting period, provided the employee meets the existing medical/dental plans' requirements.

Union employees should consult their Collective Bargaining Agreement for guidelines on accrual of seniority and benefits while out on an approved leave of absence.

C. Specific Types of Leaves

i. Medical Leaves for Occupational Disabilities

A leave of absence without pay shall be granted to any employee who sustains a work-related disability, upon presentation of a physician's statement verifying the need for and duration of the leave.

Employees returning from a work-related disability leave will not suffer a loss of seniority earned prior to the commencement of their leaves.

Southern will retain employees on an extended leave of absence for work-related disabilities until one of the following occurs:

- 1) The employee is released for regular duty.
- 2) Southern receives medical evidence satisfactory to it that the employee will be unable to return to work.
- 3) The employee actually resigns or constructively informs Southern that he or she does not intend to return to Southern's employ.
- 4) Southern has a business need to fill the job or as otherwise allowed by applicable law.

Southern will, of course, comply fully with all applicable federal and state laws.

ii. Personal Leaves of Absence

A personal leave of absence may be granted without pay for compelling personal reasons. Such reasons may include, but are not limited to, a non-occupational medical condition when the employee is otherwise not eligible for Family Medical Leave under Section 4(c) (iv) or when leave is not being granted for a non-occupational medical leave as a reasonable accommodation under federal or state law.

Approval is at the discretion of Southern. Factors to be considered are the needs of Southern, the employee's job performance, length of service, when the request was made, and other relevant criteria. Personal leaves of absence shall not exceed 12 weeks in any rolling 12-month period. The 12-month period is measured backward from the date an employee first uses any personal leave.

iii. Funeral Leave

After completion of the orientation period, an employee may be granted up to 3 days of paid leave, at the employee's regular straight-time hourly rate, to attend or make arrangement for the funeral (or memorial service) of an "immediate relative." If the funeral is more than 750 miles from the employee's home, the employee may be granted up to 5 days of paid leave (4 days if on a 4 day/10 hours per day workweek) for the purpose set forth herein. The relationships qualifying as "immediate relative" for purposes of this policy are defined as and limited to the following:

- 1) Spouse
- 2) Child/Step-child
- 3) Grandchild
- 4) Parent/Step-parent
- 5) Brother/Sister
- 6) Current Father/Mother-in-law
- 7) Current Brother/Sister-in-law
- 8) Employee's grandparent
- 9) Registered Domestic Partner (where required by law)

Funeral leaves in excess of the maximum of 3 or 5 days may be permitted subject to the approval of your department manager and the Vice-President, General Manager, but the additional leave will be without pay (or vacation pay may be used).

Funeral leave applies only in instances in which the employee attends the funeral, or is required to make funeral arrangements, but is not applicable for other purposes such as settling the estate of the deceased. Funeral leave is not compensable when the employee is on leave of absence, vacation, or bona-fide layoff or for days falling outside the employee's regular workweek.

Union employees should consult their Collective Bargaining Agreement for guidelines on bereavement leave.

iv. Family and Medical Leave

- 1) Under the federal Family and Medical Leave Act (FMLA), an eligible employee may take unpaid Family and Medical Leave for the following reasons:
 - (a) the birth, adoption or foster care placement of the employee's child; or
 - (b) the employee's own serious health condition; or
 - (c) the need to care for the employee's spouse, child, or parent's serious health condition; or
 - (d) because of any qualifying exigency arising out of the fact that the employee's spouse, son, daughter or parent is a military member on covered active duty; or
 - (e) the need to care for a covered service member with a serious injury or illness who is the employee's spouse, son, daughter, or parent, or next of kin.
- 2) Eligibility and Length of Leave:

If an employee has more than twelve months of total service with Southern and has worked at least 1,250 hours in the 12-month period before the date he or she wants to begin the leave, he or she may be eligible for an unpaid family care or medical leave. This leave may be up to 12 workweeks in a 12-month period for medical or family leaves (See 1-4 above). Under this policy, the 12-week leave limitation will be based on a "rolling" 12-month period measured backward from the date an employee uses any FMLA leave. Alternatively, employees may be entitled to a total of 26 workweeks in a single 12-month period for a leave to care for a covered service member with a serious injury or illness who is the employee's spouse, son, daughter, or parent, or next of kin (See 5 above). To the maximum extent permitted by law, any leave of absence that is granted to an employee under this policy or any other policy for a purpose specified above shall be credited against the 12-week/26-week limits contained in this policy.

- 3) Notifying Southern of Your Need to Take Leave:

An employee wishing to take leave must provide at least 30 days advance notice for foreseeable events (such as the expected birth of a child or a planned medical treatment for the employee or a family member). If the event giving rise to the need for leave is unforeseeable, then the employee wishing to take leave must notify Southern as soon as practicable. If an employee fails to comply with these notice requirements, it may result in delay of the requested leave. In addition, employees on FMLA leave need to comply with all normal call-in procedures. Southern also reserves the right to deny leave if an employee fails to provide appropriate notice to

Southern, or fails to respond to reasonable inquiries regarding the requested leave, to the extent allowed by law.

4) Certification Requirements:

Southern may require certification supporting the need for leave from the employee and/or documentation of family relationship. Required certifications may include certification from an employee's health care provider supporting an employee leave for his or her own serious health condition, certification from the health care provider of an employee's child, parent, or spouse, or qualified service member who has a serious health condition supporting a leave to take care of that family member, or certification supporting a request for leave because of a qualifying exigency. When medically necessary and/or where leave is taken for a qualifying exigency, leave may be taken on an intermittent or reduced work schedule. When leave is taken after the birth of a healthy child or placement of a healthy child for adoption or foster care, an employee may take leave intermittently or on a reduced leave schedule only if the employer agrees. If the length of leave indicated by the health care provider in the certification expires, the employee must submit a re-certification if the employee desires additional leave.

If Southern has reason to doubt the certification provided by the employee, it has the right to request that the employee obtain a second opinion from a health care provider designated in accordance with the FMLA (and paid for) by Southern. If these two opinions differ, then Southern has the option to pay for a third opinion to be delivered by a health care provider jointly agreed upon by Southern and the employee.

5) Maintenance of Group Health Insurance:

Under the FMLA, Southern will continue to pay its share of the premiums for the employee's health coverage during the period of the leave. Any share of group health plan premiums which are paid by the employee prior to FMLA leave must continue to be paid by the employee during the FMLA leave period. If FMLA leave is unpaid (or is paid through any source than Southern's payroll system), Southern may require employees to pay their share of premium payments in any manner authorized by the FMLA, or Southern may pay the employee's share of the premiums during FMLA leave and recover these payments from the employee upon the employee's return to work. An employee who fails to return to work following FMLA leave for a reason other than: (1) the continuation, recurrence, or onset of a serious health condition which would entitle the employee to FMLA leave; or (2) other circumstances beyond the employee's control, may be required to reimburse Southern for its share of health insurance premiums paid on the employee's behalf.

6) Return from FMLA Leave:

Except where the law authorizes a different result, an employee who complies with the provisions of this policy will be guaranteed reemployment upon expiration of an approved leave, provided that the total period of the leave does not exceed the amount of leave permitted under the FMLA (12 weeks/26 weeks). The employee will be re-employed in the same or an equivalent position as that which he or she occupied when the leave commenced.

An employee who takes a leave because of his or her own serious health condition must provide a fitness-for-duty certificate verifying that he or she is able to return to work in the same manner as employees who return from other types of medical leaves. If an employee fails to return to work immediately after the period of the approved leave expires, the employee will be considered to have voluntarily separated from Southern.

7) Employee's Responsibilities:

It is each employee's responsibility to timely complete his/her leave request and certification forms to assure reinstatement and benefit continuation of the duration of any approved leave. If the employee is unable to return at the end of the approved leave, it is the employee's responsibility to timely notify Southern and to complete any required paperwork to extend his/her leave.

8) Other Applicable Law

Employees may be entitled to additional protections and/or forms of leave under state or local law. In locations where this is applicable, employees should refer to their Employee Handbook, postings and/or see Human Resources for a detailed description of these provisions.

iv. Jury Duty

Southern will pay up to 80 hours compensation for jury duty.

Employees must notify their manager as soon as possible after being called to serve on jury duty by presenting their court summons to their manager. If an employee on jury duty leave is not selected to serve as a jurist, he/she will be expected to report to work that day.

Upon return to work, the employee must submit to their manager a copy of the voucher, which indicates the amount of money the employee earned while on jury duty. The manager must then submit a copy of the voucher to the Human Resources Department.

Payroll will adjust the employee's pay, deducting the amount of jury duty pay (minus any travel allowance) from the employee's gross amount of compensation for the same pay period. This adjustment will occur in the employee's next pay.

v. Military Leave

Employees who are “uniformed service” members of the United States Army, Navy, Air Force, Marines, Coast Guard, National Guard, Reserves, or Public Health Service who are called to “active duty” in time of war or crisis may be granted a partially paid leave of absence for military service, training or related obligations in accordance with applicable law.

When you receive orders for active or reserve duty, you should, unless precluded by military necessity:

- 1) Notify your supervisor and Human Resources as soon as possible, and
- 2) Submit a copy of your orders to your supervisor and Human Resources, unless you are unable to do so due to military necessity or other circumstances making this unreasonable.

You are also eligible for time off for military training, and other related obligations (e.g., an examination to determine fitness to perform service).

If you plan to take military leave for one of these occasions, you should advise your supervisor and/or department head of your schedule as far in advance as possible.

You must also retain your military pay vouchers and submit them to your supervisor for make-up pay (when applicable).

To seek re-employment upon your return from military service, depending upon your length of service, you will need to meet Uniformed Services Employment and Reemployment Rights Act (USERRA) notification and other legal requirements and provide the Company with all required documentation where applicable. For a full description of Southern’s documentation and notification requirements, please consult with your Human Resources Department prior to your leave or immediately upon your return.

Contact your Human Resources Department if you have any questions concerning military leave.

vi. Other Legally Required Absences

Employees will, upon presentation of acceptable documentary verification to Southern, be granted a leave of absence without pay as required by law for the purpose of fulfilling a required legal obligation (e.g., appearance as a witness in a legal proceeding, or attending judicial proceedings related to a crime, either as the victim of a crime, or as a person related to a crime victim).

PLEASE NOTE: Leave of absence related to testifying as a witness to a crime is only for time spent actually testifying in court. Employees are required to provide reasonable advance written notice of any need for such leave and are expected to return to work for each day that they are not required to be on such leave, (e.g., each day they are not called as a witness).

D. Returning from Leave of Absence

Employees on a leave of absence, whether with or without pay, must notify the Human Resources Department in writing of the anticipated return date when the leave is first taken and must promptly notify the Human Resources Department if there is any change thereafter. Any such change must be approved in writing by the Human Resources Department. Any employee who does not return to work on the approved date of return will be considered to have voluntarily terminated his or her employment.

- i. When an employee is placed on a leave of absence, an effort will be made to hold his or her position open for the period of the approved leave. However, due to business needs, there will be times when positions cannot be held open. It is, therefore, not possible to guarantee reinstatement following a leave, unless such reinstatement is required by law. (However, please see employment protections for employees who return from Family and Medical Leave as set forth in Section VI(4)(C)(iv) above, which provides for return to the same or equivalent position.) If an employee's former position is unavailable when he or she is ready to return from an approved leave, every effort will be made to place the employee in a comparable position for which he or she is qualified. If such a position is not available, the employee will be offered a lesser position for which he or she is qualified, if available. In such event, compensation levels may need to be adjusted. An employee who does not accept a position offered will be considered to have voluntarily terminated his or her employment. If no position is open for which the employee is qualified, the employee will be placed on a recall list for a period of six (6) months and will be offered the first available job during that time for which he or she is qualified.
- ii. Southern may require employees returning from any medical leave to have a physical examination to determine their fitness to return to work after said leave, or may alternatively require a physician's statement that indicates that the employee is fit to return to work.
- iii. An employee who has not fully recovered from his or her medical impairment may, at Southern's discretion, return to work on a part-time basis or in a different job which he or she is capable of performing. Compensation levels may need to be adjusted in either event. Such return must be accompanied by a written release from a licensed physician indicating that the employee is capable of performing different work or work on a part-time basis.
- iv. Upon returning from a leave of absence, you will be required to pay the employee portion of the insurance premiums which were not deducted or paid during your leave of absence.

5. VOTING

Please be advised that the Metro offices are closed on Election Day.

VIII. PROBLEM SOLVING

1. SUGGESTIONS

Employees may have suggestions as to how Southern can improve and do even better in the future. We value your ideas, and any suggestions for improvements you have will be appreciated. Your suggestions should be communicated in writing to Human Resources. This is your organization and we want you to help us grow.

2. OPEN DOOR POLICY

There is no policy more important to Southern than its Open Door Policy. The "Open Door" means a fair and open mind. As problems are bound to occur in the best of companies, it is important that you be aware of this policy. Such problems should be discussed immediately with Southern. Letting problems linger by complaining about them to your fellow employees instead of discussing them with management leads to frustration, not solutions.

The Open Door Policy gives you the right to talk to your supervisor, your supervisor's manager, and other senior management when you believe that you have been treated unfairly, or whenever you have a problem concerning your work, your progress, or your future. No problem is too trivial to be discussed with us if it really disturbs you. You may request such a discussion by contacting your supervisor. If the results of this discussion are unsatisfactory to you, you may ask to talk with the next level of management and you may follow this same procedure all the way up to a meeting with the senior operations executive or General Manager to get the problem resolved. You can be assured that management will not retaliate when you avail yourself of your rights under our Open Door Policy. We pledge that each employee will receive a fair discussion and an unprejudiced answer.

3. EMPLOYMENT ARBITRATION POLICY

Southern believes that, because of its Open Door Policy and other informal procedures, most employment-related disputes can be resolved quickly and informally between you and your supervisor, often with the involvement of senior management or the Human Resources Department. However, in the unusual situation when this internal procedure does not fully resolve an employment dispute, or an employee chooses to forego such informal procedures, Southern desires to resolve all employment-related disputes under a Mutual Agreement to Arbitrate Claims ("Arbitration Agreement") which is executed separately by each employee. The Arbitration Agreement is aimed at resolving employment-related disputes quickly and fairly to the benefit of all parties without the costs and delays of litigation. Southern will pay all administrative fees for the arbitration in excess of \$100, as well as paying the arbitrator's fees. In arbitration, disputes are resolved, not by your supervisor or senior management, but by an impartial arbitrator who knows neither of the parties and has no bias either way.

We feel strongly that employment disputes are best resolved quickly, before problems linger and before both sides are forced to expend money on lawyers and litigation. The terms of an executed Arbitration Agreement between Southern and an employee are in addition to the terms of this handbook and to the extent such Arbitration Agreement conflicts with anything included in the handbook, the language of the Arbitration Agreement controls.

A. Claims Subject To Arbitration

Employment disputes subject to arbitration include – but are not limited to – claims, demands, or actions for wages or other compensation due; claims for breach of contract or covenant (express or implied); tort claims; claims of discrimination, retaliation or harassment, including but not limited to race, sex, gender, sexual orientation, religion, national origin, age, marital status, or medical condition, handicap or disability, under Title VII of the Civil Rights Act of 1964 as amended, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, any state antidiscrimination statute, and any other federal, state or local statute, regulation, ordinance or common law doctrine, regarding employment discrimination, conditions of employment or termination of employment; claims for wages, benefits or other compensation due; and claims for violation of any other federal, state, or other governmental law, statute, regulation, ordinance or common law doctrine, except claims explicitly excluded by the Policy under the heading “Claims Not Covered By the Policy.” Thus, any claim that you were wrongfully discharged or disciplined, discharged or disciplined because of a disability or other protected characteristic, or because of a request for leave, or discriminated against in any way in regard to terms or conditions of employment, would, if not resolved informally, be subject to arbitration under the Policy.

The Policy does not require that Southern go to arbitration before taking disciplinary action of any kind, including termination. However, if you disagree with any such action, you may institute arbitration in accordance with the Policy.

B. Time Limits for Arbitration

Any demand for arbitration should be submitted as quickly as possible in order to achieve the prompt resolution that the arbitration process is designed to provide. If the claim is not one that could be brought in court, the demand for arbitration must be made within one month of the incident or occurrence upon which the dispute is based. If the claim could otherwise be decided in court, the demand for arbitration must be postmarked (if mailed) or received (if delivered in any other manner) within the statutory time allowed for filing a complaint in court in connection with such a claim, or within one year from the date the dispute arose, whichever allows more time for the filing of the demand. Any demand not filed within the applicable time limit will be deemed waived, unless Southern agrees in writing to extend or waive the time limit. Only an officer of Southern can agree on behalf of Southern to extend or waive any time limits.

C. Conclusion

Please take the time to read the Employment Arbitration Policy carefully. If you have any questions or need any clarification, ask your manager, Human Resources, or the Senior Operations Executive.

4. SUBSTANCE ABUSE**A. Reasons for the Program**

Substance abuse poses a serious threat to Southern, our industry, our customers, and the general public with whom we come in contact. Abuse of alcohol or any controlled substance can result in accidents in our workplace causing injury to other employees, accidents outside the workplace

causing injury to others, theft, poor relations with our customers, and other significant problems. Moreover, substance abuse by some employees results in unnecessary workers' compensation claims, sick leave claims and other economic liability to Southern and consumes more than these employees' fair share of Company resources, to the detriment of other employees. We also want to treat all of our employees fairly and equally. As a result, Southern, like most companies today, maintains a program aimed at addressing the impact of substance abuse in the workplace. A full description of this program can be obtained from Human Resources. It is substantially similar to testing programs used by many other companies around the country.

B. Employee Questions or Complaints Concerning the Program

Any question or complaint concerning the administration of the program or an employee's test results may be submitted, in writing and signed, to an employee's immediate supervisor for handling. If the question or complaint involves someone in the employee's direct line of supervision, the employee may instead submit the question or complaint directly to the senior operations executive or your Human Resources Department.

The employee's supervisor, or, if necessary, the senior operations executive, will promptly investigate the factual basis of any such complaints, and will answer any such questions insofar as possible. If the senior operations executive determines that corrective action is appropriate, Southern will take such action. Every effort will be made to preserve the confidentiality of the employee during this entire process, and no retaliation will result from the employee's participation.

C. Voluntary Participation in Rehabilitation Program

If an employee has a substance problem, he or she should self-disclose it before anything happens that will affect his or her job, and Southern will give you time off to seek help. This program provides for leaves of absence prior to testing. We will reasonably accommodate any employee who wishes to voluntarily enter and participate in a substance abuse rehabilitation program, provided that the employee makes such a request prior to the commission of any act subject to disciplinary action. No Southern Wine & Spirits employee shall perform any safety sensitive function prior to the completion of a state licensed and accredited drug and/or alcohol treatment program. Southern will also make all reasonable efforts to safeguard the privacy of the employee as to the fact that he or she has enrolled in a substance abuse rehabilitation program.

We strongly encourage any employee with a substance abuse problem to voluntarily seek such assistance immediately, before it affects his or her job.

D. Alcohol Responsibility Policy

Southern is concerned about the safety of its employees and wishes to ensure that employees perform their duties safely and efficiently in a manner that protects their interests and those of their co-workers, clients, and customers. Southern also desires to promote efficiency in the workplace and to provide the highest quality products and services. As a responsible member of the community and the leading distributor of beverage alcohol in the U.S., Southern recognizes and shares the concerns about drinking and driving, overconsumption and the potential misuse of alcohol and wants its employees to understand these concerns as well. As a beverage alcohol distributor, all of Southern's employees need to be sensitive to the potential abuse of alcohol and strive to set a

leading example of responsible consumption. Southern's policy requires that those employees who choose to consume beverage alcohol do so in a responsible manner at all times.

Southern's policy is designed to ensure that employee performance and judgment at work are never impaired by alcohol, especially when engaged in activities which may impact the safety of themselves or others. It is, therefore, the policy of Southern that employees are prohibited from consuming any beverage alcohol and/or being under the influence of beverage alcohol while at work, while on duty, while on on-call status, or while operating a vehicle owned or leased by the Company or their own vehicle while on Company business. However, employees may choose to consume beverage alcohol while engaged in the following work and/or work related activities:

- i. Promotional Events: hosted by Southern and/or suppliers;
- ii. Tasting samples with a customer, supplier and/or co-worker as part of promoting and/or selling the product; or
- iii. Entertaining customers, suppliers and/or co-workers.

When these circumstances arise, employees may choose to consume beverage alcohol, but must do so in a responsible and professional manner at all times. Their conduct must also be exemplary with regards to managing their consumption of beverage alcohol as well as their interactions and conduct with other people and must comply with the guidelines set forth below.

In a professional setting in which beverage alcohol is being tasted:

- i. It is appropriate to taste a small sample of product and then expectorate rather than consume it.
- ii. Individual cups or spittoons should be provided for Southern employees, suppliers, and customers that may be involved in the sampling of product. An appropriate volume for a sampling portion of wine is approximately two ounces or less, for spirits approximately one ounce or less.
- iii. It is recommended that a measured pouring device be used for wine, spirits, and other beverage alcohol to ensure that the sample portion is at or under the appropriate volume.

In all circumstances in which beverage alcohol is being consumed:

- i. No consumption (and zero tolerance) of beverage alcohol by anyone under 21 years of age and/or providing and/or encouraging the consumption of any beverage alcohol to anyone under 21 years of age.
- ii. No consumption of beverage alcohol to a point which impacts job performance, judgment and/or otherwise undermines the individual employee's or Southern's professional reputation.
- iii. No consumption of beverage alcohol to a level that: places the safety of the employee or others in his or her presence at risk, causes the employee to engage in reckless behavior and/or inappropriate conduct including but not limited to conduct that is prohibited by

Southern's Anti-harassment Policy which includes, inappropriate remarks or references based on sex, sexual orientation, gender identity, race, ethnicity, religion, age, disability or any other characteristic protected by state or federal law, as well as any inappropriate physical gestures or contact.

- iv. If a co-worker and/or an individual whom an employee is entertaining appears in any way to be intoxicated or under the influence of beverage alcohol, the employee must not give or purchase for him or her any additional beverage alcohol. The employee should strongly urge him or her not to drive, and arrange for safe transportation to his or her final destination.
- v. Select a designated driver or take a taxi pursuant to Southern's Taxicab Policy.
- vi. Respect the rights of others who do not wish to consume alcohol.

Under no circumstances should an employee consume beverage alcohol while operating, or if they intend to operate a vehicle, whether or not owned or leased by Southern.

Remember, tolerance of beverage alcohol will vary according to height, weight, and other factors. Therefore, employees must take all of these factors into account in determining their own level of appropriate beverage alcohol consumption. If an employee (or anyone they are entertaining) has the slightest doubt as to whether they are under the influence of alcohol – regardless of the number of drinks consumed – they must not operate any motorized vehicle. If an employee (or anyone they are entertaining) must travel and there are no means of safe transportation available, please TAKE A TAXI pursuant to Southern's Taxicab Policy (see E. below).

In order to monitor the responsible conduct of its "driving position employees," Southern will conduct periodic checks of driving records of all employees who drive while on Company business, operate a vehicle owned or leased by the Company, or who otherwise operate motor vehicles as part of their normal work duties. In addition, all driving position employees who receive a traffic violation for – or who are charged with – a "driving under the influence" (DUI), "driving while intoxicated" (DWI), or any other similar or related offense, are required to notify Southern *immediately* (i.e., within one business day under normal circumstances). This obligation to notify the Company applies regardless whether the violation or offense occurred *on or off the job*, and regardless whether it occurred in a personally-owned, leased, rented, or Company vehicle. Note also that the employee's duty to notify Southern is triggered by the receipt of a "citation" for DUI, DWI or any other similar or related violation – not a "conviction." Any employee who receives a DUI, DWI, or other similar or related citation may be subject to counseling and/or disciplinary action. Adherence to this policy should be considered a condition of continued employment with Southern.

As an industry leader, Southern is committed to responsible consumption and educating its employees about the effects and dangers of excessive and inappropriate drinking. Additional information and educational programs are available from our Human Resources Department and through the Southern Wine & Spirits University. Please contact them for further information. It is every employee's obligation, if they choose to consume beverage alcohol, to do so responsibly and to follow the guidelines set forth herein. Failure to adhere to these policies will result in disciplinary action by the Company up to and including termination of employment.

E. Taxicab Policy

As set forth in our Alcohol Responsibility Policy, it is Company policy to encourage the responsible consumption of beverage alcohol. If at any time, however, you have the slightest concern over your intoxication level or your ability to drive, TAKE A TAXI! THE COMPANY WILL PAY THE BILL! This policy applies to ALL Southern employees at ALL times regardless whether they are on Company business or entertaining a customer or potential customer. Moreover, if you believe that any person you are entertaining is intoxicated, or his or her driving ability impaired, you should strongly urge him or her not to drive, and you should arrange for safe transportation to his or her final destination.

Any employee who pays for taxi fare pursuant to this policy will be reimbursed for same. You should include the receipt for alternate transportation with your request for reimbursement to the senior operations executive or your Human Resources Department. Of course, nothing in this policy should be interpreted as an invitation to drink to excess, and employees must be mindful not to abuse this or any other Company policy.

F. DUI/DWI Policy

This DUI/DWI Policy (“Policy”) applies to all Southern employees who drive while on Company business, operate a vehicle owned or licensed by the Company, or who otherwise operate motor vehicles as part of their normal work duties. For purposes of this Policy, these employees are referred to as “driving position employees.” Pursuant to the Company’s Drug and Alcohol Testing Program and this Policy, any driving position employee who receives a “driving under the influence” (“DUI”), “driving while intoxicated” (“DWI”), or other similar or related driving citation – *whether on or off the job* – may be subject to counseling and/or disciplinary action up to and including termination of employment. While Southern will reasonably accommodate any employee who wishes to participate in a substance abuse rehabilitation program, a driving position employee must make such request prior to committing any violation of Southern's Policies in order to avoid disciplinary action.

It is Southern’s policy not to hire any driving position employee who has received a DUI, DWI, or other similar or related driving citation (hereinafter “a DUI-DWI Citation”) within the five (5) year period immediately preceding the would-be hiring date. Furthermore, driving position employees who receive a DUI-DWI Citation during any orientation or probationary period will be terminated from employment.

Driving position employees must notify Southern *immediately* after receipt of a DUI-DWI Citation whether on or off the job. Under normal circumstances, “immediately” means within *one* business day. Note also that the employee’s duty to notify Southern is triggered by a *citation* for DUI, DWI, or any other similar or related violation – not by a *conviction*. Moreover, in order to properly notify Southern, an employee is **required** to notify Human Resources. In all cases, driving position employees who fail to notify Southern immediately of a DUI-DWI Citation in accordance with this Policy will be disciplined, up to and including termination, if the driving offense is later discovered by the Company. Note: The Company conducts periodic checks of driving records of all employees who operate vehicles as part of their normal duties.

Any driving position employee, other than a DOT employee, who receives a DUI-DWI Citation may be eligible to return to work by entering into a Probation/Rehabilitation Agreement and fulfilling certain conditions of continued employment, including but not limited to: (1) possessing a valid driver's license without any restrictions that impact the employee's ability to do his or her job; (2) obtaining proper individual vehicle insurance as defined by the Company or otherwise being insurable under the Company's insurance policies; and (3) being able to perform the essential functions of his or her job. Failure to enter into a Probation/Rehabilitation Agreement with the Company shall be grounds for immediate termination.

For a second or any subsequent violation during employment, any driving position employee who receives a DUI or DWI Conviction (defined as a criminal conviction, whether by guilty or nolo contendere plea or after trial, for a DUI, DWI, or other similar or related driving offense) within 10 years of a previous violation will be terminated from employment. A driving position employee who receives a second or subsequent DUI or DWI Conviction beyond 10 years of a previous violation may be eligible to return to work at the sole discretion of the Company based on consideration of the following factors: (1) the employee's years of service with the Company; (2) the employee's record of performance; (3) the existence of and proximity to any previous, similar, or related offense(s); and (4) whether the employee notified Southern in accordance with the terms of this Policy.

In cases where an employee receives a DUI or DWI Citation within ten (10) years of a previous violation but has not yet been convicted of the offense, the Company will retain full discretion to consider available options based on consideration of the four (4) factors listed above, whether the employee is licensed to drive pending the outcome of his or her criminal hearing on the DUI or DWI Citation, and the individual facts and circumstances of the case.

G. When and How Testing Occurs

Under the testing program, employees who report to work intoxicated or under the influence of controlled substances or with illegal controlled substances in their possession will be subject to disciplinary action, up to and including termination.

Southern shall require an employee to go to a medical clinic to provide specimens for laboratory testing when (a) there is probable suspicion to believe that the employee is under the influence of drugs and/or intoxicated by alcohol; (b) in conjunction with a regularly scheduled physical examination; (c) non-suspicion based post-accident; or (d) randomly as provided by law. Probable suspicion is defined as suspicion based on personal observation concerning the (1) appearance, (2) behavior, (3) speech, or (4) breath or body odor of employee. Probable suspicion will also be deemed to exist where an employee is observed using drugs or consuming alcohol while at work, or where the employee has admitted such use, even though not observed. The employee will be provided transportation both to the clinic and to his/her home after providing the required specimens. If the employee refuses such transportation and attempts to drive his/her own vehicle, Southern will notify the appropriate law enforcement agency that someone who appears to be under the influence of drugs or intoxicated has left Southern's premises driving a motor vehicle. Southern will do this for the protection of the employee and the general public.

H. Safeguards Are Built Into the Testing Program

The testing program is fair and equitable and has ample safeguards to protect your rights. The program provides a mechanism for the employee talking to an independent Medical Review Officer about any prescription medications he or she is taking, so that these medications will not affect the test results. It also has detailed procedures for ensuring that the samples sent to the laboratory for testing are properly handled at every stage of the process, to ensure that no one tampers with the specimen and that it was properly collected. In addition, it has a fair and scientifically supported definition of what is required for a "positive" result.

There may be circumstances where an observed test is required or prudent under DOT regulations. The program allows employees an optional split sample procedure in certain cases, which lets them have a second sample tested if the first sample tests positive. In other words, this testing program is a fair and equitable program for employees as well as a necessary program to solve a problem that no company can allow to exist.

I. Conclusion

If you have a Substance Abuse problem, you have an opportunity to solve it under the program, so do not wait until a probable suspicion test, when it will be too late. Please read this program carefully. If you have any question or need any clarification, please direct such questions to your Human Resources Department or the senior operations executive.

5. CONFLICTS OF INTEREST

Employees are expected to be free from the influence of any conflicting interest when they represent the Company. They are expected to deal with all third parties on the sole basis of what is best for the Company, without favor or preference to themselves, friends, family members, or to third parties. To avoid conflicts of interest, every employee is required to disclose any act, interest, or relationship that would create or appear to create a conflict of interest prior to the creation or appearance of such conflict.

The types of acts, interests, and relationships that typically create or appear to create a conflict of interest are set forth below. This list is intended for guidance purposes only and does not specify every situation that should be disclosed. An employee should disclose any activity that might in any way be deemed to constitute such a conflict, and any doubts should be resolved in favor of disclosure so that an informed judgment by the Company can be made.

Unless expressly consented to in writing by the senior operations executive and/or (Executive) Vice President, General Manager, it is in conflict with the Company's interests:

- i. For an employee to accept, either directly or through any person in close relationship to the employee (e.g. friend, family member, etc.), anything having value (or future value) beyond normally-accepted business practices, including but not limited to: loans, services, discounts, money, promotional favors, gifts having more than de minimis value, meals, entertainment, trips, sporting events, or promises of any of the aforementioned items from any person or entity that is a competitor of, or that is doing or seeking to do business with the Company. Where appropriate, the taxable value of this benefit will be reported as income to the employee in the year received.

- ii. For an employee to perform any services, either as an officer, director, employee, independent contractor, owner, or consultant for another person or entity that is a competitor of, or doing or seeking to do business with, the Company.
- iii. For an employee to purchase or lease goods, services, or equipment on behalf of the Company from persons or entities with which he or she is related or otherwise in close relationship to, or to make any such purchases or leases other than generally on the basis of price, quality, and services.
- iv. For an employee, or any person in close relationship to the employee to own any interest – either directly or indirectly – in an entity that competes with, is doing business with, or is seeking to do business with the Company, or any of its suppliers or customers (whether current, past, or prospective), except when such interest consists of non-controlling interest of stock ownership in corporations listed on the New York Stock Exchange, the American Stock Exchange, or NASDAQ.

If you believe that you are at any time engaged or are about to engage in an act, interest, or relationship that would create or appear to create a conflict of interest under the terms of this policy, please speak with your Human Resources Department.

6. ETHICAL CONCERNS AND STANDARDS

There may be times when an employee may have concerns regarding ethical actions taken or decisions made by people in the organization. These questions or objections should be brought to the attention of the Director of Human Resources and/or the Harassment Officers referred to in Appendix A. The situation will be reviewed, and if appropriate, investigated. All affected parties will be notified of the outcome.

7. COMPLIANCE WITH FEDERAL & STATE ALCOHOLIC BEVERAGE LAWS

It is extremely important that anyone involved in the sale, marketing, advertising or promotion of alcoholic beverages be aware that there are special laws and regulations under the jurisdiction of the Federal Bureau of Alcohol, Tobacco & Firearms (BATF), as well as under the jurisdiction of the State Alcohol Beverage Control agencies.

These provisions not only control issuance, suspension or revocation of licenses and permits, but also may result in criminal penalties since all such laws are criminal statutes. Consequently, under no circumstance should any employee lie or mislead a government investigator nor shall any employee change or destroy records in order to cover up any alleged violations. In order to avoid possible criminal liability during an investigation, an employee who is questioned by a government investigator and asked to furnish any information in writing or orally, should forward such questions in writing to the corporate counsel, by way of senior management, for his/her review, research and response on behalf of Southern.

It is important to keep in mind that there are major differences between the legal marketing of alcoholic beverages as compared to non-alcoholic beverages. Basically, the general provisions of the federal and state liquor laws forbid manufacturers or wholesalers from assisting directly or indirectly any retailer by

money or services, unless there are specific regulations which permit the specific activity. Some examples of the activities which the BATF has permitted are:

- i. Product displays which the manufacturer is able to give, rent, loan or sell provided that there is an observance of the provisions with respect to the limitation of cost per brand and must comply with the legal definition for display (not a dealer loader) and that the appropriate records are kept.
- ii. Inside signs.
- iii. Combination packaging.
- iv. Educational seminars.
- v. Couponing.
- vi. Premium offers.
- vii. Entertainment of retailers and/or the employees of retailers or wholesalers.
- viii. Participation in retailer association activities.
- ix. Furnishing newspaper cuts.
- x. Coil cleaning service and tapping accessories.
- xi. Samples.
- xii. Retailer advertising specialty items with no utilitarian value.
- xiii. Consumer advertising specialty items with no utilitarian value.
- xiv. Tastings.
- xv. Wine lists.
- xvi. Stocking rotation and pricing of products at retail premises, restricted to company-distributed products.

It must be reiterated that both the federal and state authorities have taken the position that it is a violation to give anything of value or render any service to a retailer unless there is a specific permission in the federal or state regulations permitting or authorizing such specific activity. In the Federal Administration Act (FAA), there is a specific difference between the laws and regulations dealing with wines and spirits as compared to malt beverages. With malt beverages, there is a provision known as "The Penultimate Clause" which provides that the laws and regulations under the FAA shall apply to malt beverages only in those states which have enacted similar laws and regulations. It is for this reason that with respect to malt beverages, one looks primarily to the state laws and regulations to determine the legal provisions governing malt beverages. On the other hand, there must be the observance of the strictest laws and regulations whether federal or state in each state when considering any program for wine and spirits.

In the sale of non-alcoholic items, the marketing, promotion and sale of these items must be kept separate from alcoholic beverage items where applicable. We must emphasize that there cannot be any tie-in or conditions placed on the marketing and sale of non-alcoholic items for the purchase of alcoholic beverages.

There is an important provision under the term "Commercial Bribery". Most state criminal statutes define the crime of commercial bribery as the giving of something of value to an employee or a trade buyer (wholesaler or retailer) which results in the employer being adversely affected. However, under the FAA regulations Section 10.21, there is no requirement that the giving or offering of something of value must be without the knowledge of the employer. The following excerpt is from Section 10.21:

"...A thing of value need not be offered or given for purpose of directly inducing a trade buyer to purchase from the seller, but rather is applicable if an industry member induces officers, employees or representatives of the trade buyer to promote sales of the industry member's products and thereby indirectly induces the trade buyer to purchase from the industry member."

In addition, it is also important to note that sales promotion contests (Section 10.24) which are sponsored by Southern which offer prizes to our representatives, may not result either directly or indirectly with the offering of these prizes to retailers engaged in the sale of distilled spirits, wine or malt beverages, or their employees or representatives, as the case may be. Therefore, should any of our representatives receive prizes as a result of sales contests legitimately conducted by our concern, it is strict Southern policy not to give these prizes or offer same to any trade buyer (retailer) as this would be in violation of 10.24 and could place our federal permit and state licenses in jeopardy.

It is most important to keep in mind that if any employee has any doubt or questions as to the legality of any program, they must first discuss and secure an answer from their general manager or senior operations executive before taking any action which could possibly result in a violation.

Finally, it cannot be over-emphasized that in the event of any governmental investigation, your general manager or senior operations executive must be immediately advised in order to avoid any unintentional violations.

8. AT-WILL EMPLOYMENT AND PROGRESSIVE DISCIPLINARY PROCEDURES

EMPLOYMENT IS AT THE MUTUAL CONSENT OF THE EMPLOYEE AND SOUTHERN. EITHER THE EMPLOYEE OR SOUTHERN CAN TERMINATE THE EMPLOYMENT RELATIONSHIP AT WILL, AND NOTHING CONTAINED IN THIS PROGRESSIVE DISCIPLINARY PROCEDURE OR ELSEWHERE IN THIS HANDBOOK SHOULD BE INTERPRETED AS CREATING A CONTRACT OF EMPLOYMENT OR CHANGING THIS EMPLOYMENT AT WILL RELATIONSHIP.

Progressive discipline is a process for dealing with job-related conduct or behavior that does not meet expected and communicated performance standards. The primary purpose of progressive discipline is to assist the employee in understanding that a performance problem or opportunity for improvement exists and to give that employee an opportunity to correct his or her job performance. It is intended to be corrective, not punitive.

Southern's policies and work rules, as set forth in this handbook, are intended to ensure that our high standards of employee conduct and productivity are maintained. In the event that a policy or work rule is violated, every effort will be made to conduct a thorough investigation and to review all of the facts. An employee may be terminated immediately for a serious violation of Southern's policies or work rules (such as but not limited to dishonesty, theft, insubordination, recklessness resulting in serious accident or injury while on duty, testing positive under Southern's Substance Abuse Program or other serious misconduct). For other violations or misconduct, the following progressive disciplinary steps are intended to give employees notice of problems with their conduct or performance and an opportunity to improve. Southern reserves the right, however, to exercise judgment in determining whether or not to

bypass one or more steps of the disciplinary procedure or terminate an employee without prior discipline where it determines that circumstances warrant such action.

Progressive discipline may include the following steps:

A. Verbal Warning

A verbal warning is generally the start of the discipline process.

With the exception of offenses requiring more severe action, employees will generally first receive a verbal warning from their immediate supervisor. During a verbal warning, the supervisor and employee will review the improvements needed to achieve proper standards of conduct and/or job performance.

B. Written Warning

Employee performance problems that continue to occur despite verbal warnings, or serious first time offenses, will result in a written warning. Employees who do not respond to guidance or make satisfactory correction in their behavior after receiving a written warning will subject themselves to additional disciplinary measures, up to and including termination of employment.

C. Final Written Warning/Suspension Without Pay

A final written warning is the same as a written warning, except that, as its name implies, it is the final step before an employee is terminated.

Southern, in its sole discretion, may impose a disciplinary suspension as part of a final written warning instead of termination for an employee who fails to adequately respond to previous verbal or written warnings.

The length of an employee's suspension will be commensurate with the offense/behavior and the work record of the employee.

D. Termination

Termination is the Company's last recourse and is typically the result of one of two things. Either (1) the employee's poor job performance – despite warnings and counseling sessions – continues, or (2) the employee has committed an offense so serious that immediate discharge is appropriate.

Where circumstances permit, before an employee is terminated, there may be an investigatory suspension in order to allow Southern to thoroughly examine all of the facts resulting in the recommendation for termination and to fully consider the employee's side of the case.

9. ANTI-VIOLENCE IN THE WORKPLACE

Southern is committed to providing a violence-free workplace for its employees. In keeping with this commitment, we maintain a strict policy prohibiting violence or threats of violence in the workplace.

Although some incidents of violence are beyond our control, we believe we can minimize them with the cooperation of all of our employees.

This policy applies to all of Southern's employees and prohibits violence or threats of violence in any form, including that of a verbal, physical or visual nature.

It is the stated policy of Southern to prevent or prohibit this type of conduct on the job, including violence or threats of violence by co-workers, supervisors, managers, or officers. Any employee found to have acted in violation of the foregoing policy will be subject to appropriate corrective action, including referral to appropriate medical authorities, professional counselors or other agencies and/or warnings, reprimands, suspensions and/or termination.

i. Threats of Violence

Every threat of violence is serious and must be treated as such. Threatening behavior can include, but is not limited to such actions as:

- (1) Throwing objects;
- (2) Possessing guns, weapons, knives, or explosives while on duty or on Southern's premises, including while attending Southern functions;
- (3) Stalking;
- (4) Making a verbal direct or indirect threat to harm another individual or destroy property;
- (5) Use of epithets, "fighting words" and other threatening gestures;
- (6) Expressing significant grudges;
- (7) Displaying an intense or obsessive romantic interest that exceeds the normal bounds of interpersonal interest;
- (8) Behavior which indicates the individual is significantly out of touch with reality and/or that he or she may pose a danger to him or herself or to others;
- (9) Damaging property;
- (10) Other threatening or violent behavior.

Employees who become aware of these or any other threats of workplace violence must report the threats immediately to their supervisor or to Human Resources. In addition, employees who are involved in divorce proceedings, separation or the break-up of other significant relationships which they believe could result in violence in the workplace, are encouraged to report this risk to their supervisor or to one of the managers identified above in this policy. All supervisors informed of potential workplace violence will, in turn, notify Human Resources, who will consult with the appropriate resources in order to assess the incident and the surrounding circumstances. Reports of threatened violence will be handled confidentially to the maximum extent possible. Employees can be certain that no retaliation will be taken against them for accurately reporting threats of violence.

ii. Bullying Prohibited

Bullying is repeated, health-harming mistreatment of another employee. Examples of prohibited bullying include, but are not limited to: screaming; swearing; name calling; stealing; giving dangerous work assignments; using threatening, intimidating, or cruel behaviors; deliberately humiliating a person; denying advancement; and stealing work credit.

Generally, bullying:

- (1) Is committed by written, verbal, graphic, or physical acts (including electronically transmitted acts, i.e., using the Internet, a cell phone or a PDA).
- (2) Substantially interferes with work, opportunities, and benefits of one or more employees, sometimes through actual sabotaging of work.
- (3) Adversely affects an employee's ability to function at work by placing the employee in reasonable fear of physical harm or by causing emotional distress.

Because bystander support can encourage bullying, Southern also prohibits both active and passive support for acts of bullying. Employees should either walk away from these acts when they see them or attempt to stop them. In either case, employees should report incidents to a supervisor, manager, or Human Resources. Reprisal or retaliation against any person who reports an act of bullying is prohibited.

Employees who engage in bullying will be subject to appropriate discipline, up to and including termination.

iii. Firearms, Weapons, Explosives, etc.

To ensure that Southern maintains a workplace safe and free of violence for all employees, customers and guests, the Company prohibits the possession or use of weapons on Company property. Any employee in violation of this policy will be subject to disciplinary action, up to and including termination. This policy also applies to visitors and customers on Company property.

“Company property” is defined as all Company-owned or leased buildings and surrounding areas such as sidewalks, walkways, driveways and parking lots under the Company ownership or control. This policy also applies to all company-owned, leased or controlled vehicles and all vehicles that come onto Company property. This policy does not prohibit an employee who is legally entitled to possess a firearm from keeping firearms, ammunition or ammunition components in a locked, privately-owned vehicle on Company property (e.g., including but not limited to Company property located in Arizona, Florida, Indiana, Kentucky, Maine, Minnesota, Mississippi and Utah).

“Weapons” include, but are not limited to firearms, explosives, knives and other weapons that could cause harm.

iv. Imminent Risks of Violence

Employees who become aware of actual violence, imminent violence, or a threat of imminent violence in the workplace should make sure they are safe and secure before obtaining help. (See below for Hostile Intruder Emergency Guidelines). When employees are not themselves in danger, they should immediately contact Southern's Safety & Security Manager and, if appropriate, contact the local law enforcement authorities by dialing 911. Immediately after contacting the law enforcement authorities for emergency assistance, the employee must report the incident to his or her supervisor and to the Human Resources Department. As with incidents of threatened violence above, reports of imminent risk of violence will be handled confidentially to the maximum extent possible and employees can be certain that no retaliation will be taken against them for accurately reporting imminent violence or threats of such violence.

E. Hostile Intruder Emergency Guidelines

When a hostile person(s) is actively causing death or serious physical injury or the threat of imminent death or serious physical injury to person(s) on Southern premises, PROTECT YOURSELF FIRST. Then, if possible, get help-dial 911.

When faced with a hostile intruder, employees should take whatever action they feel is necessary and safest for them. This usually means trying to escape or hiding. Southern is not responsible for the course of action an employee decides to take, but offers the following suggestions:

Escape

- i. Get away from the threat as fast as you can. Run if possible.
- ii. Do not run in a straight line. Try to keep desks, cabinets, vehicles, bushes, trees and other objects between you and the hostile person(s) to block you from the view of the intruder(s).
- iii. DO NOT SOUND THE FIRE ALARM. A fire alarm signals other employees to evacuate and could place them in potential harm as they attempt to exit.
- iv. When you are out of immediate danger, summon help and warn others any way you can.

Hiding

- i. If you cannot get away, move immediately to a securable room.
- ii. Close and lock the door. Block the door with furniture, etc.
- iii. Turn off lights and any TV's, audio equipment, or computers (unplugging may be fastest).
- iv. Lock windows and close blinds or curtains.
- v. Stay away from windows and remain calm and quiet.

- vi. Hide in a place you think will be difficult to discover or notice.
- vii. Do NOT open doors or windows to see “what’s going on”.
- viii. Do NOT open the door for anyone except police.
- ix. If possible, you may seek help or further information via internet, telephone, text message, etc.

Other Considerations

- i. If you are unable to run or hide, and the intruder is causing death or serious physical injury to others, you may choose to play dead among other victims.
- ii. Your last option may be to fight back. This option is dangerous, but depending on the circumstances, it could be your only option.
- iii. If you are caught by the intruder and are not going to fight back, obey all commands and do not look the intruder in the eyes.
- iv. When police arrive, obey all commands given by them (the officers may not know who you are). This may involve you being handcuffed, or you being asked to keep your hands in the air. This is done for safety reasons. Once the police evaluate circumstances, they will give you further directions to follow.

Remember, this information is intended only as a guide and cannot cover every possible situation that might occur. Situational judgment and common sense are always necessary.

F. Business Risks

Business risks are situations or events that usually result from dishonest, careless or reckless behavior, and can include such things as theft, fraud, or anything that threatens your security or that of your company, co-workers or customers. Southern encourages direct communication between you and your supervisor and/or the management officials identified previously in this policy in reporting any business risk situations. Employees can be certain that no retaliation will be taken against them for accurately reporting situations of business risk. Failure to do so may result in disciplinary action up to and including termination.

IX. LEAVING

1. EXIT INTERVIEWS

Exit interviews are usually conducted when an employee leaves the Company. They are normally conducted on the employee's last day of employment by the appropriate Human Resources representative.

The exit interview provides Southern with an opportunity to assess the quality of the workplace and identify any potential problems based on feedback from the exiting employee. Information gathered in exit interviews will be held in confidence whenever possible.

2. RETURN OF COMPANY PROPERTY

On your last day of employment with Southern, your supervisor will make arrangements for you to return all Company property prior to receiving your final check and, if appropriate, the end of your access to any of the Company's systems. Failure to return Company property may lead to civil and/or criminal action against you.

3. UNUSED FLOATING HOLIDAYS AND PTO DAYS

Floating holidays and PTO days are not an accrued benefit, and therefore, employees are not eligible to be paid out for any unused floating holiday or PTO days unless state laws or Collective Bargaining Agreements dictate otherwise.

4. FINAL PAYCHECK

Southern may deduct from your final paycheck any money which you may owe the Company to the extent permitted by law. Final paychecks are generally "live checks" and are not direct deposited.

5. EMPLOYEE REFERENCES

It is fairly common for current or former employees to ask supervisors or managers to provide a reference to a prospective employer. For a variety of reasons, including the employee's privacy, Southern must carefully control any information that is disseminated regarding such current and/or former employees. Accordingly, all requests for references must be directed in writing to the Human Resources Department. In response to such request, Southern will disclose only dates of employment, positions held, and, if authorized in writing by the employee, current or last wage or salary rate.

6. CONCLUSION

Southern's reputation has been earned through many years of professionalism, dedicated community service, and the sale of quality merchandise. The reputation we enjoy in our community and in the industry is the result of individual and team efforts of its employees.

The confidence Southern has in the future is evidenced all around you in new and modern facilities and equipment, better working conditions, and more employee benefits.

With the great products we handle and your continuing loyalty, we cannot help but forge ahead in every way in the years ahead. This business has always been a team effort. We are happy to have you on the Southern team and we wish you a long and successful career.

APPENDIX A**HARASSMENT OFFICERS AND
CONFIDENTIAL HARASSMENT COMPLAINT FORM**

It is the policy of Southern that all of its employees be free from any and all forms of unlawful harassment. Please use this form to report harassment in accordance with the Anti-Harassment Policy contained in your employee handbook so that we may investigate and take appropriate action when the facts show that there has been harassment. Please provide us with as much factual detail as you can relating to your claim, so that we can properly investigate it. This form should be filed with one of the Harassment Officers identified as follows:

Roy Kohn, Harassment Officer	(516) 730-3664
Elizabeth Toohig, Harassment Officer	(516) 730-3754
Cory Cooper, Harassment Officer	(954) 885-5174

- A.** Your Name: _____
- B.** Type of harassment you are alleging (e.g. sex, race, religion, Age, national Origin, Disability, etc. _____

- C.** Name of the party who harassed you: _____

- D.** Status of the party who harassed you:
Co-worker: _____
Supervisor: _____
Agent: _____
Other (describe): _____
- E.** Relationship, if any, between you and the harassing party _____

- F.** Has anyone witnessed the harassment?: Yes _____ No _____
- H.** If yes, identify each witness by name, address and telephone number: _____

- I.** Details of event you are reporting _____

When (date): _____
Where (location): _____

What occurred?: _____

(For subsequent event, please attach additional pages and follow the same format.)

I acknowledge that I have read and understand the above statements. I hereby authorize Southern to disclose the information I provide as it finds necessary in pursuing the investigation.

SIGNATURE OF COMPLAINANT

DATE

EMPLOYER REPRESENTATIVE
RECEIVING COMPLAINT

DATE

APPENDIX B**TIME OFF****VACATION:**

The accrual rates for vacations are as follows:

Employees accrue paid vacation days based on their service anniversary date and use the earned vacation during the following anniversary year. For example: An employee who reaches his/her 1st year of service anniversary date on March 1, 2006 must use all 10 days of vacation between March 1, 2006 and February 28, 2007. Former employees of acquired companies may have their years of service recognized for vacation calculation purposes. Please check with your Human Resource Department.

Completed Years of Service	Accrued Vacation	Accrual Rate
0 through 6 months	0	N/A
7 through 12 months	5 days	.83 days per month
1 year through 4 years	10 days	.83 days per month
5 years through 9 years	15 days	1.25 days per month
10 years through 19 years	20 days	1.67 days per month
20 years or more	25 days	2.08 days per month

Although, vacation days begin to accrue from your first day of employment, no vacation may be taken until the completion of six (6) months of employment with Company. After the completion of six months of service, employees are eligible to take five (5) days' vacation prior to their one year anniversary.

Should an employee separate after the completion of six (6) months of service, but before completion of one year, no vacation pay will be disbursed.

Vacation time may not be carried over from anniversary year to anniversary year.

Union employees should consult their individual Collective Bargaining Agreements for vacation accruals.

PAID TIME OFF (PTO):

The purpose of Paid Time Off (PTO) is to protect the employee's income for absences other than vacation. PTO can be used for the following:

- Personal business
- Family matters
- Religious

- Illness and or doctor's visits
- b. 10 PTO days will be available for use at the beginning of each year.
- For new employees hired after January 1st PTO time will be prorated based on date of hire. PTO time is available to a new hire as long as they have successfully completed 90 days of employment.
- c. Requests for non-medical related PTO requires supervisor or manager approval, and needs to be made at least 48 hours in advance.

HOLIDAYS:

The following list of holidays is observed by Southern's Metro offices:

New Year's Day	Martin Luther King, Jr.	Lincoln's Birthday	Presidents Day	Good Friday
Memorial Day	Independence Day	Labor Day	Yom Kippur	Columbus Day
Election Day	Veterans Day	Thanksgiving Day	The day after Thanksgiving	Christmas Day

APPENDIX C

Dress Code

A. Office and Sales Employees

It is in all of our best interests that all Southern employees present a professional image to our customers, suppliers, and the public. Accordingly, it is expected that all employees will dress in a manner consistent with good taste, good hygiene, and safety.

Normal Business Day Attire:

1. Suits, sport jackets, sweaters and ties
 2. Dresses, skirts (length should be appropriate for business attire), trousers and dress pants
 3. Short or long sleeve shirts and blouses (see unacceptable attire below)
 4. Shoes appropriate for business (open toe footwear is acceptable if safe and in good business taste)
- In addition Summer months (Memorial Day through Labor Day):
5. Ties are not required, Capri length slacks and collared shirts

Casual Day Attire:

1. Jeans and pants (any color) are acceptable as long as they are neat and not torn
2. Below the knee Capri length slacks (must fall below the knee) are acceptable on **casual day only**
3. Sweaters, blouses, button down shirts and polo shirts with collars are acceptable

Unacceptable Attire for Normal Business Days and Casual Day:

1. Midriff shirts, tank tops, spaghetti straps or halter-tops
2. Clothing made of spandex material, inclusive of leggings and tights
3. Low cut or revealing blouses or dresses
4. Tight-fitting, revealing or provocative outfits
5. Sweatshirts, jogging suits or lounge wear of any material
6. Shorts of any kind/length
7. T-Shirts of any kind
8. Sneakers, shower shoes or flip flops
9. Hats, unless for religious purposes.

B. Warehouse and Drivers:

- i. If a uniform is provided, it must be worn.
- ii. Shirts are required.
- iii. Adequate footwear for your particular job requirements as specified by management.

New York Laws

A. WTPA Compliance

In accordance with the New York State Department of Labor, annually each employee will receive a wage statement in order to be compliant with the Wage Theft Prevention Act (WTPA). The notice will include:

- Base rate of pay and overtime rate of pay (if applicable)
- How the employee is paid: by the hour, the payday, commission and the frequency of the pay period (weekly or monthly)
- Official name of the employer and any other names used for business
- Address and phone number of the employer's main office

You are required to sign the form to be compliant with the Act and return it to the Human Resources Department by the designated deadline.

B. Compliance with the State Liquor Authority

Southern Wine and Spirits of NY operates its business in accordance with the regulations set forth by the New York State Liquor Authority (SLA). It is a SLA violation for a wholesale licensee (Southern Wine & Spirits of New York) to "knowingly employ in connection with his business in any capacity whatsoever, any person, who has been convicted of:

i. Felony (*in NY or any other State*)

a. Or any of the following offenses:

- i. Illegally using, carrying or possessing a pistol or other
 - a. dangerous weapon (or illegally purchasing or selling of firearms)
- ii. Making or possessing burglar's instruments;
- iii. Buying or receiving or criminally possessing stolen property;
- iv. Unlawful entry of a building;
- v. Aiding escape from prison;
- vi. Unlawfully possessing or distributing habit forming narcotic
 - a. drugs;
- vii. Vagrancy or prostitution

Therefore, it is the requirement of all employees, to immediately notify the Director of Human Resources, if you have been convicted of a felony or any of the misdemeanors as listed above. Failure to do so will result in disciplinary action up to and including discharge.

**ACKNOWLEDGMENT OF RECEIPT
OF EMPLOYEE HANDBOOK**

I acknowledge that I have received and read a copy of the Southern Handbook. I understand that Southern's policies and rules are set forth in this Handbook exclusively. I understand that it supersedes and extinguishes any and all prior representations and that future oral representations cannot alter or add to the terms of employment. I further understand that this Handbook may be amended or modified in writing by authorized management personnel at any time. **I understand that if anything contained in this Handbook conflicts with the terms of my union contract, the union contract will govern over the Handbook-Union Divisions Only!**

I also understand that my employment is entered into voluntarily and that both Southern and I are free to terminate it at any time. Furthermore, I understand that no Southern employee can agree, on behalf of Southern, to alter my status as an at-will employee, except an officer of Southern, who must do so in writing. I understand that I may be demoted and that the terms of my employment may be altered at any time, with or without cause or notice, at Southern's discretion.

Lastly, I understand that if I desire clarification or elaboration of any items in this Handbook, I should talk with my supervisor and/or the Human Resources Department.

Signature of Employee

Name (Print)

Date